

State of Texas
Federal Portion of the
Statewide Single Audit Report
for the Fiscal Year Ended August 31, 2013

Report 14-325

Table of Contents

Section I of II

Independent Auditors' Report on the Schedule of Expenditures of Federal Awards.....	1
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133, <i>Audits of States, Local Governments, And Non-Profit Organizations</i>	2
Schedule of Expenditures of Federal Awards	22
Notes to Schedule of Expenditures of Federal Awards.....	171
Schedule of Findings and Questioned Costs	
Section 1: Summary of Auditors' Results.....	177
Section 2: Financial Statement Findings.....	181
Section 3a: Federal Award Findings and Questioned Costs - KPMG	183
Section 3b: Federal Award Findings and Questioned Costs – Other Auditors	235

Section II of II

Summary Schedule of Prior Audit Findings - KPMG	445
Summary Schedule of Prior Audit Findings - Other Auditors	486

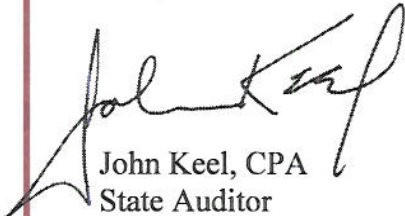
Independent Auditors' Reports
Federal Portion of
Statewide Single Audit Report
For the Year Ended August 31, 2013

**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 consolidated financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the State of Texas, as of and for the year ended August 31, 2013, and have issued our report thereon dated February 21, 2014, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming opinions on the consolidated financial statements as a whole. 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 consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

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


John Keel, CPA
State Auditor

February 21, 2014



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**Independent Auditors' Report on Compliance
for Each Major Program and on Internal Control Over Compliance Required by
OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations**

The Honorable Rick Perry, Governor,
The Honorable David Dewhurst, Lieutenant Governor,
The Honorable Joe Straus, Speaker of the House of Representatives,
Members of the State Legislature, State of Texas

Report on Compliance for Each Major Federal Program

We have audited the State of Texas' (the State) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs for the year ended August 31, 2013. The State's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The State's financial statements include the operations of OneStar National Service Commission, Texas Guaranteed Student Loan Corporation, Texas Health Insurance Risk Pool, Texas Boll Weevil Eradication Foundation, Inc., Texas State Affordable Housing Corporation, and Teacher Retirement System of Texas (the component units of the State), which received approximately \$134 million in federal awards which is not included in the schedule of expenditures of federal awards for the year ended August 31, 2013. Our audit, described below, did not include the operations of the component units of the State because each of those component units has engaged other auditors to perform an audit in accordance with OMB Circular A-133, if applicable.

Management's Responsibility

Management of the State Agencies and Universities is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the State's major federal programs based on our audit of the types of compliance requirements referred to above. We did not audit the State's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Student Financial Assistance Cluster, Research and Development Cluster, CFDA 10.500-Cooperative Extension Service, CFDA 66.458-Capitalization Grants for Clean Water State Revolving Funds, CFDA 66.468-Capitalization Grants for Drinking Water State Revolving Funds, CFDA 97.036-Disaster Grants-Public Assistance (Presidentially Declared Disasters), CFDA 97.046-Fire Management Assistance Grant, 97.067-Homeland Security Grant Program, and the Highway Planning and Construction Cluster major federal programs (the other auditor major federal programs) which represent approximately 18% of total federal assistance received by the State for the year ended August 31, 2013. The other auditor's major federal programs are identified in the accompanying schedule of findings and questioned costs as major federal programs and were audited by another auditor whose reports have been furnished to us, and our opinion, insofar as it relates to the other auditor's major federal programs is based solely on the reports of the other auditor. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the State’s compliance.

Basis for Qualified Opinion

As identified below and described in the accompanying schedule of findings and questioned costs, the State did not comply with requirements regarding the following:

Agency/University	Major Program	Compliance Requirement	Finding Number
General Land Office	CDBG – State-Administered CDBG Cluster	Davis–Bacon Act Subrecipient Monitoring	2013-009
Health and Human Services Commission	TANF Cluster	Subrecipient Monitoring	2013-016
	Medicaid Cluster	Special Tests and Provisions	2013-017 2013-018
Lamar Institute of Technology	Student Financial Assistance Cluster	Special Tests and Provisions	2013-102
Department of Public Safety	CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Reporting	2013-111
	CFDA 97.046 – Fire Management Assistance Grant	Procurement and Suspension and Debarment Subrecipient Monitoring	2013-116
University of Texas at Arlington	Student Financial Assistance Cluster	Special Tests and Provisions	2013-172
University of Texas at El Paso	Research and Development Cluster	Activities Allowed or Unallowed	2013-178
	Research and Development Cluster – ARRA	Allowable Costs/Cost Principles	
University of Texas M.D. Anderson Cancer Center	Research and Development Cluster	Cash Management	2013-184

Compliance with such requirements is necessary, in our opinion and the opinion of the other auditor, for the State to comply with the requirements applicable to that program.

Qualified Opinion

In our opinion, based on our audit and the reports of the other auditor, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the major programs identified in the Basis for Qualified Opinion paragraph for the year ended August 31, 2013.



Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, based on our audit and the reports of the other auditor, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended August 31, 2013.

Other Matters

The results of our auditing procedures and the reports of the other auditor disclosed other instances of noncompliance, 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:

Agency/University	Major Program	Compliance Requirement	Finding Number
Department of Aging and Disability Services	Aging Cluster	Matching, Level of Effort, and Earmarking Reporting Subrecipient Monitoring	2013-001
		Period of Availability of Federal Funds Reporting	2013-002
		Special Tests and Provisions	2013-003
	CFDA 93.667 – Social Services Block Grant	Cash Management	2013-004
	Medicaid Cluster	Allowable Costs/Cost Principles	2013-005
Texas Department of Agriculture	CFDA 10.558 – Child and Adult Care Food Program Child Nutrition Cluster	Cash Management	2013-007
Department of Family and Protective Services	CFDA 93.658 – Foster Care – Title IV-E	Eligibility	2013-008
General Land Office	CDGB – State-Administered CDBG Cluster	Reporting	2013-010
Health and Human Services Commission	CFDA 93.667 – Social Services Block Grant CFDA 93.767 – Children’s Health Insurance Program SNAP Cluster TANF Cluster Medicaid Cluster	Allowable Costs/Cost Principles	2013-011
		SNAP Cluster TANF Cluster Medicaid Cluster	Eligibility Special Tests and Provisions



Agency/University	Major Program	Compliance Requirement	Finding Number
Health and Human Services Commission	CFDA 93.767 – Children’s Health Insurance Program	Matching, Level of Effort, Earmarking	2013-013
	Medicaid Cluster	Program Income	2013-014
		Reporting	2013-015
	SNAP Cluster	Special Tests and Provisions	2013-019
	TANF Cluster	Special Tests and Provisions	2013-020
Texas Department of Housing and Community Affairs	CFDA 93.568 – Low-Income Home Energy Assistance	Reporting	2013-022
Office of the Attorney General	CFDA 93.563 – Child Support Enforcement Medicaid Cluster	Allowable Costs/Cost Principles	2013-023
Department of State Health Services	CFDA 10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children	Reporting	2013-025
	CFDA 93.268 – Immunization Cooperative Agreements	Special Tests and Provisions	2013-026
	CFDA 93.959 – Block Grants for Prevention and Treatment of Substance Abuse	Matching, Level of Effort, Earmarking	2013-028
	CFDA 93.667 – Social Services Block Grant	Matching, Level of Effort, Earmarking Subrecipient Monitoring	2013-029
Texas Workforce Commission	TANF Cluster	Special Tests and Provisions	2013-034
Lamar Institute of Technology	Student Financial Assistance Cluster	Eligibility	2013-101
Lamar State College – Orange	Student Financial Assistance Cluster	Eligibility	2013-103
		Special Tests and Provisions	2013-104



Agency/University	Major Program	Compliance Requirement	Finding Number
Lamar University	Student Financial Assistance Cluster	Eligibility	2013-105
		Special Tests and Provisions	2013-106
Department of Public Safety	CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Activities Allowed or Unallowed Allowable Costs/Cost Principles	2013-107
		Cash Management	2013-108
		Period of Availability of Federal Funds	2013-109
		Procurement and Suspension and Debarment Subrecipient Monitoring Special Tests and Provisions	2013-110
	CFDA 97.046 – Fire Management Assistance Grant	Activities Allowed or Unallowed Allowable Costs/Cost Principles	2013-112
		Cash Management	2013-113
		Eligibility	2013-114
		Period of Availability of Federal Funds	2013-115
CFDA 97.067 – Homeland Security Grant Program	Reporting	2013-117	
	Activities Allowed or Unallowed Allowable Costs/Cost Principles	2013-118	
	Reporting	2013-119	
	Subrecipient Monitoring	2013-120	
Sam Houston State University	Student Financial Assistance Cluster	Eligibility	2013-121
		Special Tests and Provisions	2013-122



Agency/University	Major Program	Compliance Requirement	Finding Number
Texas A&M AgriLife Extension Service	CFDA 10.500 – Cooperative Extension Service	Activities Allowed or Unallowed Allowable Costs/Cost Principles	2013-123
		Equipment and Real Property Management	2013-124
		Procurement and Suspension and Debarment	2013-125
		Reporting	2013-126
Texas A&M Engineering Experiment Station	Research and Development Cluster	Activities Allowed or Unallowed Allowable Costs/Cost Principles	2013-127
		Reporting	2013-128
		Research and Development Cluster – ARRA	Special Tests and Provisions
Texas A&M Forest Service	CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Activities Allowed or Unallowed	2013-130
		Cash Management	2013-131
	CFDA 97.046 – Fire Management Assistance Grant	Cash Management	2013-132
Texas A&M Health Science Center	Research and Development Cluster	Activities Allowed or Unallowed Allowable Costs/Cost Principles	2013-133
	Research and Development Cluster Research and Development Cluster – ARRA	Cash Management	2013-134
	Research and Development Cluster	Period of Availability of Federal Funds	2013-135
		Reporting	2013-136
	Research and Development Cluster – ARRA	Special Tests and Provisions	2013-137



Agency/University	Major Program	Compliance Requirement	Finding Number
Texas A&M University	Student Financial Assistance Cluster	Eligibility	2013-138
		Special Tests and Provisions	2013-139 2013-140
Texas State Technical College – Harlingen	Student Financial Assistance Cluster	Eligibility	2013-142
		Special Tests and Provisions	2013-143
Texas State Technical College – Waco	Student Financial Assistance Cluster	Eligibility	2013-144
		Special Tests and Provisions	2013-145
Texas State Technical College – West Texas	Student Financial Assistance Cluster	Eligibility	2013-146
		Special Tests and Provisions	2013-147
Texas State University	Student Financial Assistance Cluster	Activities Allowed or Unallowed Cash Management Eligibility Period of Availability of Federal Funds Reporting Special Tests and Provisions	2013-148
Texas Tech University	Student Financial Assistance Cluster	Eligibility	2013-149
		Special Tests and Provisions	2013-150 2013-151 2013-152
		Eligibility	2013-153
Texas Tech University Health Sciences Center	Student Financial Assistance Cluster	Special Tests and Provisions	2013-154
		Eligibility	2013-153
Department of Transportation	Highway Planning and Construction Cluster Highway Planning and Construction Cluster – ARRA	Davis–Bacon Act	2013-156



Agency/University	Major Program	Compliance Requirement	Finding Number
Department of Transportation	Highway Planning and Construction Cluster Highway Planning and Construction Cluster – ARRA	Procurement and Suspension and Debarment Subrecipient Monitoring Special Tests and Provisions	2013-158
	Highway Planning and Construction Cluster	Reporting	2013-159
	Highway Planning and Construction Cluster – ARRA	Special Tests and Provisions	2013-160
	Highway Planning and Construction Cluster Highway Planning and Construction Cluster – ARRA	Special Tests and Provisions	2013-161
	Highway Planning and Construction Cluster	Special Tests and Provisions	2013-162
University of Houston	Student Financial Assistance Cluster	Eligibility Activities Allowed or Unallowed Cash Management Period of Availability of Federal Funds Reporting Special Tests and Provisions	2013-163
		Special Tests and Provisions	2013-164
		Special Tests and Provisions	2013-165 2013-166
University of Houston – Victoria	Student Financial Assistance Cluster	Special Tests and Provisions	2013-167
University of North Texas	Student Financial Assistance Cluster	Special Tests and Provisions	2013-168 2013-169
University of Texas at Arlington	Student Financial Assistance Cluster	Eligibility Activities Allowed or Unallowed Cash Management Period of Availability of Federal Funds Reporting Special Tests and Provisions	2013-170
		Special Tests and Provisions	2013-171 2013-173



Agency/University	Major Program	Compliance Requirement	Finding Number
University of Texas at Austin	Student Financial Assistance Cluster	Eligibility	2013-174
		Special Tests and Provisions	2013-175
	Research and Development Cluster	Equipment and Real Property Management	2013-176
University of Texas at El Paso	Research and Development Cluster	Procurement and Suspension and Debarment	2013-177
		Cash Management	2013-179
	Research and Development Cluster	Period of Availability of Federal Funds	2013-180
University of Texas Health Science Center at San Antonio	Research and Development Cluster	Reporting	2013-181
		Activities Allowed or Unallowed Allowable Costs/Cost Principles	2013-182
University of Texas M.D. Anderson Cancer Center	Research and Development Cluster	Equipment and Real Property Management	2013-183
		Reporting	2013-185
University of Texas Medical Branch at Galveston	Research and Development Cluster – ARRA	Subrecipient Monitoring	2013-186
		CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)	2013-187
University of Texas at San Antonio	Student Financial Assistance Cluster	Equipment and Real Property Management	2013-188
		Eligibility	
		Activities Allowed or Unallowed	
		Cash Management	
		Period of Availability of Federal Funds	
		Reporting	
		Special Tests and Provisions	



Agency/University	Major Program	Compliance Requirement	Finding Number
University of Texas at San Antonio	Student Financial Assistance Cluster	Special Tests and Provisions	2013-189 2013-190 2013-191
University of Texas Southwestern Medical Center	Research and Development Cluster Research and Development Cluster – ARRA	Period of Availability of Federal Funds	2013-192
	Research and Development Cluster	Reporting	2013-193
		Subrecipient Monitoring	2013-194
Water Development Board	CFDA 66.458 – Capitalization Grants for Clean Water State Revolving Funds	Subrecipient Monitoring	2013-196

Our opinion on each major federal program, based on our audit and the reports of the other auditor, is not modified with respect to these matters.

The State’s responses to the findings identified in our audit, based on our audit and the reports of the other auditor, are described in the accompanying schedule of findings and questioned costs. The State’s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the State is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State’s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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



Agency/University	Major Program	Compliance Requirement	Finding Number
General Land Office	CDBG – State-Administered CDBG Cluster	Davis–Bacon Act Subrecipient Monitoring	2013-009
Health and Human Services Commission	TANF Cluster	Subrecipient Monitoring	2013-016
Health and Human Services Commission Department of State Health Services	CFDA 93.667 – Social Services Block Grant CFDA 93.767 – Children’s Health Insurance Program CFDA 93.959 – Block Grants for Prevention and Treatment of Substance Abuse Medicaid Cluster	Allowable Costs/Cost Principles	2013-021
Lamar Institute of Technology	Student Financial Assistance Cluster	Special Tests and Provisions	2013-102
Department of Public Safety	CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Reporting	2013-111
	CFDA 97.046 – Fire Management Assistance Grant	Procurement and Suspension and Debarment Subrecipient Monitoring	2013-116
Texas State Technical College – Waco	Student Financial Assistance Cluster	Eligibility	2013-144
Texas State Technical College – West Texas	Student Financial Assistance Cluster	Eligibility	2013-146
University of Texas at Arlington	Student Financial Assistance Cluster	Special Tests and Provisions	2013-172
University of Texas at El Paso	Research and Development Cluster Research and Development Cluster – ARRA	Activities Allowed or Unallowed Allowable Costs/Cost Principles	2013-178
University of Texas M.D. Anderson Cancer Center	Research and Development Cluster	Cash Management	2013-184
	Research and Development Cluster Research and Development Cluster – ARRA	Reporting	2013-185
University of Texas Southwestern Medical Center	Research and Development Cluster Research and Development Cluster – ARRA	Period of Availability of Federal Funds	2013-192



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

Agency/University	Major Program	Compliance Requirement	Finding Number
Department of Aging and Disability Services	Aging Cluster	Matching, Level of Effort, and Earmarking Reporting Subrecipient Monitoring	2013-001
		Period of Availability of Federal Funds Reporting	2013-002
		Special Tests and Provision	2013-003
	CFDA 93.667 – Social Services Block Grant	Cash Management	2013-004
	Medicaid Cluster	Allowable Costs/Cost Principles	2013-005
		Matching, Level of Effort, Earmarking	2013-006
Texas Department of Agriculture	CFDA 10.558 – Child and Adult Care Food Program Child Nutrition Cluster	Cash Management	2013-007
Department of Family and Protective Services	CFDA 93.658 – Foster Care – Title IV-E	Eligibility	2013-008
General Land Office	CDBG – State-Administered CDBG Cluster	Reporting	2013-010
Health and Human Services Commission	SNAP Cluster TANF Cluster Medicaid Cluster	Eligibility Special Tests and Provisions	2013-012
	CFDA 93.767 – Children’s Health Insurance Program	Matching, Level of Effort, Earmarking	2013-013
	Medicaid Cluster	Program Income	2013-014
		Reporting	2013-015
		Special Tests and Provisions	2013-017 2013-018
	SNAP Cluster	Special Tests and Provisions	2013-019



Agency/University	Major Program	Compliance Requirement	Finding Number	
Health and Human Services Commission	TANF Cluster	Special Tests and Provisions	2013-020	
Office of the Attorney General	CFDA 93.563 – Child Support Enforcement Medicaid Cluster	Allowable Costs/Cost Principles	2013-023	
Department of State Health Services	CFDA 10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children	Cash Management	2013-024	
		Reporting	2013-025	
	CFDA 93.268 – Immunization Cooperative Agreements	Special Tests and Provisions	2013-026	
	CFDA 10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children CFDA 93.268 – Immunization Cooperative Agreements CFDA 93.959 – Block Grants for Prevention and Treatment of Substance Abuse	Allowable Costs/Cost Principles	2013-027	
		CFDA 93.667 – Social Services Block Grant	Matching, Level of Effort, Earmarking Subrecipient Monitoring	2013-029
Texas Education Agency	CFDA 84.048 – Career & Technical Education - Basic Grants to States CFDA 84.287 – Twenty-First Century Community Learning Centers	Cash Management Matching, Level of Effort, and Earmarking Reporting	2013-030	
		Eligibility for Subrecipients		
	CFDA 84.365 – English Language Acquisition State Grants	Special Tests and Provisions		
	CFDA 84.367 – Improving Teacher Quality State Grants			
	Title I – Part A Cluster			
	Title I – Part A Cluster – ARRA Special Education Cluster (IDEA) School Improvement Grants Cluster School Improvement Grants Cluster – ARRA			



Agency/University	Major Program	Compliance Requirement	Finding Number
Texas Education Agency	CFDA 84.048 – Career & Technical Education - Basic Grants to States CFDA 84.287 – Twenty-First Century Community Learning Centers CFDA 84.365 – English Language Acquisition State Grants CFDA 84.367 – Improving Teacher Quality State Grants Title I – Part A Cluster Title I – Part A Cluster – ARRA Special Education Cluster (IDEA) School Improvement Grants Cluster School Improvement Grants Cluster – ARRA	Cash Management Matching, Level of Effort, Earmarking Maintenance of Effort (MOE) for Subrecipients Period of Availability of Federal Funds Reporting Subrecipient Monitoring Special Tests and Provisions	2013-031
Texas Higher Education Coordinating Board	CFDA 84.048 – Career and Technical Education – Basic Grants to States	Reporting Subrecipient Monitoring	2013-032
Texas Workforce Commission	CFDA 17.225 – Unemployment Insurance WIA Cluster TANF Cluster	Matching, Level of Effort, Earmarking Reporting Special Tests and Provisions	2013-033
	TANF Cluster	Special Tests and Provisions	2013-034
Lamar Institute of Technology	Student Financial Assistance Cluster	Eligibility	2013-101
Lamar State College – Orange	Student Financial Assistance Cluster	Eligibility	2013-103
Lamar University	Student Financial Assistance Cluster	Eligibility	2013-105
		Special Tests and Provisions	2013-106
Department of Public Safety	CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Activities Allowed or Unallowed Allowable Costs/Cost Principles	2013-107
		Cash Management	2013-108
		Period of Availability of Federal Funds	2013-109



Agency/University	Major Program	Compliance Requirement	Finding Number
Department of Public Safety	CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Procurement and Suspension and Debarment Subrecipient Monitoring Special Tests and Provisions	2013-110
		CFDA 97.046 – Fire Management Assistance Grant	2013-112
	Cash Management	2013-113	
	Eligibility	2013-114	
	Period of Availability of Federal Funds	2013-115	
	Reporting	2013-117	
	CFDA 97.067 – Homeland Security Grant Program	2013-118	
Sam Houston State University	Student Financial Assistance Cluster	Activities Allowed or Unallowed Allowable Costs/Cost Principles	2013-119
		Reporting	2013-120
Texas A&M AgriLife Extension Service	CFDA 10.500 – Cooperative Extension Service	Eligibility	2013-121
		Activities Allowed or Unallowed Allowable Costs/Cost Principles	2013-123
		Equipment and Real Property Management	2013-124
		Procurement and Suspension and Debarment	2013-125
Texas A&M Engineering Experiment Station	Research and Development Cluster	Reporting	2013-126
		Activities Allowed or Unallowed Allowable Costs/Cost Principles	2013-127



Agency/University	Major Program	Compliance Requirement	Finding Number
Texas A&M Engineering Experiment Station	Research and Development Cluster	Reporting	2013-128
	Research and Development Cluster – ARRA	Special Tests and Provisions	2013-129
Texas A&M Forest Service	CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared)	Activities Allowed or Unallowed	2013-130
		Cash Management	2013-131
	CFDA 97.046 – Fire Management Assistance Grant	Cash Management	2013-132
Texas A&M Health Science Center	Research and Development Cluster	Activities Allowed or Unallowed Allowable Costs/Cost Principles	2013-133
	Research and Development Cluster	Cash Management	2013-134
	Research and Development Cluster – ARRA	Period of Availability of Federal Funds	2013-135
		Reporting	2013-136
	Research and Development Cluster – ARRA	Special Tests and Provisions	2013-137
	Texas A&M University	Student Financial Assistance Cluster	Eligibility
Special Tests and Provisions			2013-140
Texas A&M University – Commerce	Student Financial Assistance Cluster	Eligibility Special Tests and Provisions	2013-141
Texas State Technical College – Harlingen	Student Financial Assistance Cluster	Eligibility	2013-142
		Special Tests and Provisions	2013-143
Texas State Technical College – Waco	Student Financial Assistance Cluster	Special Tests and Provisions	2013-145



Agency/University	Major Program	Compliance Requirement	Finding Number
Texas State Technical College – West Texas	Student Financial Assistance Cluster	Special Tests and Provisions	2013-147
Texas State University	Student Financial Assistance Cluster	Activities Allowed or Unallowed Cash Management Eligibility Period of Availability of Federal Funds Reporting Special Tests and Provisions	2013-148
Texas Tech University	Student Financial Assistance Cluster	Eligibility	2013-149
		Special Tests and Provisions	2013-150 2013-151 2013-152
Texas Tech University Health Sciences Center	Student Financial Assistance Cluster	Eligibility	2013-153
Department of Transportation	Highway Planning and Construction Cluster Highway Planning and Construction Cluster – ARRA	Activities Allowed or Unallowed Allowable Costs/Cost Principles Real Property Acquisition and Relocation Assistance	2013-155
		Davis–Bacon Act	2013-156
		Period of Availability of Federal Funds	2013-157
		Procurement and Suspension and Debarment Subrecipient Monitoring Special Tests and Provisions	2013-158
	Highway Planning and Construction Cluster	Reporting	2013-159
	Highway Planning and Construction Cluster – ARRA	Special Tests and Provisions	2013-160
	Highway Planning and Construction Cluster Highway Planning and Construction Cluster – ARRA	Special Tests and Provisions	2013-161



Agency/University	Major Program	Compliance Requirement	Finding Number
Department of Transportation	Highway Planning and Construction Cluster	Special Tests and Provisions	2013-162
University of Houston	Student Financial Assistance Cluster	Eligibility Activities Allowed or Unallowed Cash Management Period of Availability of Federal Funds Reporting Special Tests and Provisions	2013-163
		Special Tests and Provisions	2013-164 2013-165 2013-166
University of Houston – Victoria	Student Financial Assistance Cluster	Special Tests and Provisions	2013-167
University of North Texas	Student Financial Assistance Cluster	Special Tests and Provisions	2013-168 2013-169
University of Texas at Arlington	Student Financial Assistance Cluster	Eligibility Activities Allowed or Unallowed Cash Management Period of Availability of Federal Funds Reporting Special Tests and Provisions	2013-170
		Special Tests and Provisions	2013-171 2013-173
University of Texas at Austin	Student Financial Assistance Cluster	Eligibility	2013-174
	Research and Development Cluster	Equipment and Real Property Management	2013-176
	Research and Development Cluster Research and Development Cluster – ARRA	Procurement and Suspension and Debarment	2013-177
University of Texas at El Paso	Research and Development Cluster	Cash Management	2013-179
		Period of Availability of Federal Funds	2013-180
		Reporting	2013-181



Agency/University	Major Program	Compliance Requirement	Finding Number
University of Texas Health Science Center at San Antonio	Research and Development Cluster	Activities Allowed or Unallowed Allowable Costs/Cost Principles	2013-182
		Equipment and Real Property Management	2013-183
University of Texas M.D. Anderson Cancer Center	Research and Development Cluster	Subrecipient Monitoring	2013-186
University of Texas Medical Branch at Galveston	CFDA 97.036 – Disaster – Public Assistance (Presidentially Declared Disasters)	Equipment and Real Property Management	2013-187
University of Texas at San Antonio	Student Financial Assistance Cluster	Eligibility Activities Allowed or Unallowed Cash Management Period of Availability of Federal Funds Reporting Special Tests and Provisions	2013-188
		Special Tests and Provisions	2013-189
			2013-190
University of Texas Southwestern Medical Center	Research and Development Cluster	Reporting	2013-193
		Subrecipient Monitoring	2013-194
Water Development Board	CFDA 66.458 – Capitalization Grants for Clean Water State Revolving Funds	Allowable Costs/Cost Principles	2013-195
	CFDA 66.458 – Capitalization Grants for Clean Water State Revolving Funds – ARRA		
	CFDA 66.468 – Capitalization Grants for Drinking Water State Revolving Funds	Subrecipient Monitoring	2013-196
	CFDA 66.468 – Capitalization Grants for Drinking Water State Revolving Funds – ARRA		
	CFDA 66.458 – Capitalization Grants for Clean Water State Revolving Funds		



The State's responses to the internal control over compliance findings identified in our audit, based on our audit and the reports of the other auditor, are described in the accompanying schedule of findings and questioned costs. The State's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

KPMG LLP

Austin, Texas
February 21, 2014

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
Institute of Museum and Library Services					
Institute of Museum and Library Services	03.XXX	MA-04-12-0101-12	\$	143,000	143,000
Total - CFDA 03.XXX			0	143,000	143,000
Total - Institute of Museum and Library Services			0	143,000	143,000
National Endowment for the Humanities					
National Endowment for the Humanities	06.XXX	GI-50351-11		130,922	130,922
Total - CFDA 06.XXX			0	130,922	130,922
Total - National Endowment for the Humanities			0	130,922	130,922
U.S. Department of Agriculture					
U.S. Department of Agriculture	10.XXX	12-25-A-5448 u4129		41,213	41,213
				76,823	76,823
Total - CFDA 10.XXX			0	118,036	118,036
Agricultural Research Basic and Applied Research	10.001			13,027	13,027
Plant and Animal Disease, Pest Control, and Animal Care <i>Pass-Through from New Mexico State University</i>	10.025	Q01552	81,153	4,811,202	4,892,355
				7,000	7,000
Total - CFDA 10.025			81,153	4,818,202	4,899,355
Livestock Assistance Program	10.066			(2)	(2)
Wetlands Reserve Program	10.072			6,736	6,736
Aquaculture Grants Program (AGP)	10.086			5	5
Voluntary Public Access and Habitat Incentive Program	10.093			(71,484)	(71,484)
2009 Aquaculture Grant Program	10.103			(60)	(60)
Market News	10.153			8,200	8,200
Federal-State Marketing Improvement Program <i>Pass-Through from New Mexico State University</i>	10.156	12-9208-0217-CA		3,682	3,682
				27,185	27,185
Total - CFDA 10.156			0	30,867	30,867
Market Protection and Promotion	10.163		32,671	1,322,488	1,355,159
Farmers' Market Promotion Program	10.168			29,254	29,254
Specialty Crop Block Grant Program - Farm Bill	10.170		441,113	693,496	1,134,609
Grants for Agricultural Research, Special Research Grants <i>Pass-Through from Kansas State University</i>	10.200	S11056		96,021	96,021
<i>Pass-Through from Oklahoma State University</i>		AC-5-81780TAMU		22,685	22,685
				13,617	13,617
Total - CFDA 10.200			0	132,323	132,323
Sustainable Agriculture Research and Education <i>Pass-Through from University of Georgia</i>	10.215	RD309-101/4894896		9,931	9,931

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Agriculture (continued)					
<i>Pass-Through from University of Georgia</i>		RD309-105/4690208		(207)	(207)
<i>Pass-Through from University of Georgia</i>		RD309-105/4695648		2,432	2,432
<i>Pass-Through from University of Georgia</i>		RD309-109/4786246		1,675	1,675
<i>Pass-Through from University of Georgia</i>		RD309-117/4893536		13,436	13,436
<i>Pass-Through from University of Georgia</i>		RD309-117/4941046	624	5,813	6,437
<i>Pass-Through from University of Georgia</i>		RD309-122/4941446		890	890
<i>Pass-Through from University of Georgia</i>		RE675-116/4892386		14,483	14,483
<i>Pass-Through from University of Georgia</i>		RE675-161/4786106		1,827	1,827
Total - CFDA 10.215			624	50,280	50,904
1890 Institution Capacity Building Grants	10.216			262,149	262,149
Higher Education Institution Challenge Grants Program	10.217			86,357	86,357
<i>Pass-Through from Auburn University</i>		12-HORT-373009-TAMU		7,967	7,967
Total - CFDA 10.217			0	94,324	94,324
Hispanic Serving Institutions Education Grants	10.223		38,471	516,076	554,547
<i>Pass-Through from Houston Community College</i>		Award 201002097		23,780	23,780
<i>Pass-Through from University of Puerto Rico - Mayaguez</i>		2011-2012-005		76,909	76,909
Total - CFDA 10.223			38,471	616,765	655,236
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants	10.226			301	301
Integrated Programs	10.303		826,899	849,755	1,676,654
<i>Pass-Through from North Carolina State University</i>		2007-1634-03	5,169	1,292	6,461
<i>Pass-Through from North Carolina State University</i>		2007-1634-31		414	414
<i>Pass-Through from North Carolina State University</i>		2012-0413-03		31,437	31,437
<i>Pass-Through from North Carolina State University</i>		2012-2604-03		1,201	1,201
Total - CFDA 10.303			832,068	884,099	1,716,167
Homeland Security Agricultural	10.304			27,000	27,000
<i>Pass-Through from Kansas State University</i>		S13011.01		3,109	3,109
<i>Pass-Through from Purdue University</i>		8000035688-AG		22,000	22,000
<i>Pass-Through from University of Florida</i>		UF12228			
Total - CFDA 10.304			0	52,109	52,109
International Science and Education Grants	10.305		7,604	40,085	47,689
Specialty Crop Research Initiative	10.309			40,681	40,681
<i>Pass-Through from Mississippi State University</i>		015900.340492.02		7,757	7,757
<i>Pass-Through from National Center for Appropriate Technology</i>		482460		3,378	3,378
<i>Pass-Through from Washington State University</i>		112674-G002610			
Total - CFDA 10.309			0	51,816	51,816
Agriculture and Food Research Initiative	10.310		182,622	664,339	846,961
<i>Pass-Through from University of Florida</i>		UF10070		5,198	5,198
<i>Pass-Through from University of Florida</i>		UF11094		35,130	35,130
<i>Pass-Through from University of Florida</i>		UF11147		17,370	17,370
<i>Pass-Through from University of Georgia</i>		RE273-192/4693438		3,412	3,412
Total - CFDA 10.310			182,622	725,449	908,071

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Agriculture (continued)					
Beginning Farmer and Rancher Development Program	10.311		14,129	203,779	217,908
Sun Grant Program	10.320			2,121	2,121
<i>Pass-Through from Oklahoma State University</i>		210037-01		2,121	2,121
Total - CFDA 10.320			0	4,242	4,242
Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA)	10.326		29,246	103,634	132,880
Technical Assistance to Cooperatives	10.350				
<i>Pass-Through from Mississippi State University</i>		018000-340452-10		22,419	22,419
Rural Housing Preservation Grants	10.433			85,545	85,545
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	10.443		140,000	247,552	387,552
Community Outreach and Assistance Partnership Program	10.455			16,684	16,684
Partnership Agreements to Develop Non-Insurance Risk Management Tools for Producers (Farmers)	10.456				
<i>Pass-Through from National Crop Insurance Services</i>		08202012		20,477	20,477
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475			4,829,960	4,829,960
Cooperative Extension Service	10.500		314,836	24,051,849	24,366,685
<i>Pass-Through from Auburn University</i>		12-ACES-378601-TAMU		2,364	2,364
<i>Pass-Through from Kansas State University</i>		S09045/2007-48661-03868 PRIME		(1,385)	(1,385)
<i>Pass-Through from Kansas State University</i>		S11089		9,674	9,674
<i>Pass-Through from Kansas State University</i>		S12088		1,722	1,722
<i>Pass-Through from Kansas State University</i>		S12164		72,552	72,552
<i>Pass-Through from Kansas State University</i>		S12165		58,222	58,222
<i>Pass-Through from Kansas State University</i>		S13029		64,748	64,748
<i>Pass-Through from Kansas State University</i>		S13078		24,696	24,696
<i>Pass-Through from University of Arkansas</i>		21661-03		834	834
<i>Pass-Through from University of Arkansas</i>		21661-06		(356)	(356)
<i>Pass-Through from University of Arkansas</i>		21662-01		35,947	35,947
<i>Pass-Through from University of Arkansas</i>		21662-10		18,924	18,924
<i>Pass-Through from University of Arkansas</i>		21662-13		46,437	46,437
<i>Pass-Through from University of Arkansas Cooperative Extension</i>		21660-20		9,254	9,254
<i>Pass-Through from University of California - Davis</i>		SA7745		11,960	11,960
<i>Pass-Through from University of Florida</i>		UF11273		9,504	9,504
<i>Pass-Through from University of Georgia</i>		RE675-167/4941486		3,428	3,428
<i>Pass-Through from University of Kentucky</i>		3046887200-10-440/ID 25-6365-001-301		79,211	79,211
<i>Pass-Through from University of Nebraska</i>		25-6365-0040-110		3,693	3,693
<i>Pass-Through from University of Nebraska</i>		26-6365-0001-402		31,921	31,921
<i>Pass-Through from University of Nebraska - Lincoln</i>		25-6329-0059-810		10,539	10,539
<i>Pass-Through from University of Nebraska - Lincoln</i>		25-6365-0040-139		26	26
Total - CFDA 10.500			314,836	24,545,764	24,860,600
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		132,505,049	603,098,147	735,603,196

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Agriculture (continued)					
Child and Adult Care Food Program	10.558		304,604,628	1,618,014	306,222,642
State Administrative Expenses for Child Nutrition	10.560		6,343,541	15,382,509	21,726,050
WIC Farmers' Market Nutrition Program (FMNP)	10.572		361,291	21,926	383,217
Senior Farmers Market Nutrition Program	10.576		85,032	1,958	86,990
ARRA - WIC Grants To States (WGS)	10.578			816,180	816,180
Child Nutrition Discretionary Grants Limited Availability	10.579			540,966	540,966
Supplemental Nutrition Assistance Program, Process and Technology	10.580			33,254	33,254
Fresh Fruit and Vegetable Program	10.582		7,733,206		7,733,206
Foreign Market Development Cooperator Program	10.600			4,496	4,496
Market Access Program	10.601			(10,913)	(10,913)
Forestry Research	10.652			38,207	38,207
Cooperative Forestry Assistance <i>Pass-Through from University of Georgia</i>	10.664	RE353-420/4786596		5,663,246 4,335	5,663,246 4,335
Total - CFDA 10.664			0	5,667,581	5,667,581
Urban and Community Forestry Program	10.675			29,124	29,124
Forest Legacy Program	10.676			47,781	47,781
Forest Stewardship Program	10.678			27,127	27,127
Forest Health Protection	10.680			497,345	497,345
Water and Waste Disposal Loans and Grants (Section 306C)	10.770		35,000	47,747	82,747
Rural Cooperative Development Grants	10.771			184,620	184,620
1890 Land Grant Institutions Rural Entrepreneurial Outreach Program	10.856			27,893	27,893
Soil and Water Conservation	10.902			148,161	148,161
Environmental Quality Incentives Program	10.912		6,109	179,034	185,143
Technical Agricultural Assistance	10.960			14,540	14,540
Total - U.S. Department of Agriculture			453,788,393	668,374,218	1,122,162,611
U.S. Department of Commerce					
U.S. Department of Commerce	11.XXX	MB11DAL8050004 MB11DAL8050004 AMEND		222,426 143,756	222,426 143,756
Total - CFDA 11.XXX			0	366,182	366,182
NOAA Mission-Related Education Awards	11.008			207,132	207,132
Economic Development Technical Assistance	11.303			299,460	299,460
Trade Adjustment Assistance for Firms	11.313			1,162,327	1,162,327

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Commerce (continued)					
Sea Grant Support	11.417			82,333	82,333
Coastal Zone Management Administration Awards <i>Pass-Through from Houston Advanced Research Center</i>	11.419	GLOMIT12-TALR1112	1,242,323	590,136 49,980	1,832,459 49,980
Total - CFDA 11.419			1,242,323	640,116	1,882,439
Coastal Zone Management Estuarine Research Reserves	11.420			22,519	22,519
Cooperative Fishery Statistics	11.434			322,994	322,994
Southeast Area Monitoring and Assessment Program	11.435			99,737	99,737
Regional Fishery Management Councils	11.441			41,070	41,070
Unallied Industry Projects	11.452			1,038,744	1,038,744
Unallied Management Projects	11.454			1,146,331	1,146,331
Habitat Conservation	11.463			28,908	28,908
ARRA - Habitat Conservation				44,362	44,362
Total - CFDA 11.463			0	73,270	73,270
Coastal Services Center	11.473			42,668	42,668
Fisheries Disaster Relief <i>Pass-Through from Gulf States Marine Fisheries Commission</i>	11.477	MM-925-050-2011-TXSG		35,336	35,336
Educational Partnership Program <i>Pass-Through from Enviromental Cooper Science Center</i>	11.481	Sub C-3273		203,727	203,727
Public Safety Interoperable Communications Grant Program	11.555		(20,000)	21,671	1,671
ARRA - Broadband Technology Opportunities Program	11.557		3,350,056	3,078,011	6,428,067
Manufacturing Extension Partnership	11.611			557,399	557,399
Total - U.S. Department of Commerce			4,572,379	9,441,027	14,013,406
U.S. Department of Defense					
U.S. Department of Defense	12.XXX	1102		(3,396)	(3,396)
		2713		1,501,796	1,501,796
		CAPPELLI NAVY IPA		3,103	3,103
		IPA 1203		141,701	141,701
		N00189-12-P-1403		70,500	70,500
		N00189-12-P-Z798		1,177	1,177
		UTA11-000814		42,156	42,156
		UTA12-000870 LTR		103,974	103,974
		DTD 08/06/2012			
		W81K04-12-A-0001		71,526	71,526
		W81K04-12-C-0010		55,755	55,755
		W81K04-13-D-0002, & 0001		10,930	10,930
		W81K04-13-D-0008		140,697	140,697
		W81XWH-11-P-0131		26,156	26,156
		W9113M--10-C-0007		75,707	75,707
		W912L1 12 P 0140		8,034	8,034
		WM9113M-05-C1087	10,000	272,207	282,207

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Defense (continued)					
		YOUNG-		12,231	12,231
		MCCAUGHAN/IPAA			
<i>Pass-Through from Institute of International Education</i>		NSEP-U631033-UT-ARA		(449)	(449)
<i>Pass-Through from Jacobs Engineering Group</i>		35DK2302-P12-0001		9,994	9,994
<i>Pass-Through from Jacobs Engineering Group</i>		35-DK40-01-P13-0002		16,030	16,030
<i>Pass-Through from Jsj Technologies, LLC</i>		W911NF-12-C0005		145,376	145,376
<i>Pass-Through from Virginia Tech University</i>		UNITE 2012		23,187	23,187
Total - CFDA 12.XXX			10,000	2,728,392	2,738,392
Procurement Technical Assistance For Business Firms	12.002			1,149,262	1,149,262
Flood Control Projects	12.106			323,123	323,123
Payments to States in Lieu of Real Estate Taxes	12.112			13,295,721	13,295,721
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113			545,754	545,754
Estuary Habitat Restoration Program	12.130			96,113	96,113
Basic and Applied Scientific Research	12.300		373,877	2,645,599	3,019,476
<i>Pass-Through from North Carolina State University</i>		2012-0258-02	4,243	44,148	48,391
<i>Pass-Through from North Carolina State University</i>		2013-0592-01	32,742	32,046	64,788
Total - CFDA 12.300			410,862	2,721,793	3,132,655
Basic Scientific Research - Combating Weapons of Mass Destruction	12.351			1,855	1,855
ROTC Language and Culture Training Grants	12.357				
<i>Pass-Through from Institute of International Education</i>		2012-GO-TAMU (HQ 0034-08-2-0024)		403,604	403,604
<i>Pass-Through from Institute of International Education</i>		2012-GO-UTA		227,384	227,384
Total - CFDA 12.357			0	630,988	630,988
National Guard Military Construction Projects	12.400			12,275,898	12,275,898
National Guard Military Operations and Maintenance Projects	12.401			50,500,392	50,500,392
National Guard ChalleNGe Program	12.404			2,318,585	2,318,585
Military Medical Research and Development	12.420		(587)	182,587	182,000
<i>Pass-Through from Baylor College of Medicine</i>		101710455- W81XWH-12-1-0010		4,356	4,356
Total - CFDA 12.420			(587)	186,943	186,356
Basic Scientific Research	12.431			48,595	48,595
<i>Pass-Through from Academy of Applied Science</i>		12-109 PRIME: W911NF-04-1-0226		2,595	2,595
<i>Pass-Through from Academy of Applied Science</i>		12-28 PRIME:W911NF-04- 1-0226		2,595	2,595
<i>Pass-Through from Academy of Applied Science</i>		12-84 PRIME: W911NF-04-1-0226		2,595	2,595
Total - CFDA 12.431			0	56,380	56,380

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Defense (continued)					
Community Economic Adjustment Planning Assistance for Joint Land Use Studies	12.610			22,472	22,472
Basic, Applied, and Advanced Research in Science and Engineering	12.630			399,452	399,452
<i>Pass-Through from Academy of Applied Science</i>		13-14		2,819	2,819
Total - CFDA 12.630			0	402,271	402,271
Air Force Defense Research Sciences Program	12.800			82,570	82,570
<i>Pass-Through from Light Storage and Amplification</i>		R15905		12,999	12,999
<i>Pass-Through from Nanoenergetic Gas Generators</i>		R15905		194	194
Total - CFDA 12.800			0	95,763	95,763
Language Grant Program	12.900			162,622	162,622
Mathematical Sciences Grants Program	12.901			17,080	17,080
<i>Pass-Through from Mathematical Sciences Research Institute</i>		204331		1,999	1,999
Total - CFDA 12.901			0	19,079	19,079
Information Security Grant Program	12.902			172,743	172,743
Research and Technology Development	12.910			9,386	9,386
Total - U.S. Department of Defense			420,275	87,715,535	88,135,810
U.S. Department of Housing and Urban Development					
U.S. Department of Housing and Urban Development	14.XXX	DU100K900016710 HSIAC-10-TX-02		81,498	81,498
			77,190	123,083	200,273
Total - CFDA 14.XXX			77,190	204,581	281,771
Emergency Solutions Grant Program	14.231		9,796,804	393,268	10,190,072
Home Investment Partnerships Program	14.239		56,664,527	3,267,716	59,932,243
Housing Opportunities for Persons with AIDS	14.241		2,748,647	473,122	3,221,769
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251			332,894	332,894
ARRA - Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	14.257		(956)		(956)
ARRA - Tax Credit Assistance Program (Recovery Act Funded)	14.258		5,222,600		5,222,600
CPD's Transformation Initiative Technical Assistance	14.259			81,429	81,429
Education and Outreach Initiatives	14.416				
<i>Pass-Through from Dallas County Hospital District</i>		Other-3754 0		643	643
Hispanic-Serving Institutions Assisting Communities	14.514			43,287	43,287
Historically Black Colleges and Universities Program	14.520			173,883	173,883
Sustainable Communities Regional Planning Grant Program	14.703				
<i>Pass-Through from Capital Area Council of Governments</i>		UTA11-000522	521,072	234,481	755,553
<i>Pass-Through from Capital Area Council of Governments</i>		UTA12-000568		243,043	243,043
Total - CFDA 14.703			521,072	477,524	998,596

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Housing and Urban Development (continued)					
Public and Indian Housing <i>Pass-Through from Lubbock Housing Authority</i>	14.850	4		(24,151)	(24,151)
Lead Hazard Reduction Demonstration Grant Program <i>Pass-Through from City of San Antonio</i>	14.905	2011060443/TXLHD0226		19,432	19,432
Healthy Homes Production Program <i>Pass-Through from City of San Antonio</i>	14.913	TXHHP0009-11		36,704	36,704
Total - U.S. Department of Housing and Urban Development			75,029,884	5,480,332	80,510,216
U.S. Department of the Interior					
U.S. Department of the Interior	15.XXX	F12AC00215		558	558
National Fire Plan - Wildland Urban Interface Community Fire Assistance	15.228			71	71
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250			1,635,427	1,635,427
Abandoned Mine Land Reclamation (AMLR) Program	15.252			4,427,552	4,427,552
Science and Technology Projects Related to Coal Mining and Reclamation	15.255			59,151	59,151
Coastal Impact Assistance Program (CIAP) <i>Pass-Through from Matagorda County District</i> <i>Pass-Through from UTB - TSC Port Isabel Palapa</i>	15.426	454170 2011C09307		6,650 42,362	6,650 42,362
Total - CFDA 15.426			0	49,012	49,012
Federal Oil and Gas Royalty Management State and Tribal Coordination	15.427			191,308	191,308
GoMESA	15.435		8,426	19,642	28,068
Recreation Resources Management	15.524			209,870	209,870
Fish and Wildlife Management Assistance	15.608		19,016	55,259	74,275
Coastal Wetlands Planning, Protection and Restoration Act	15.614			262,733	262,733
Cooperative Endangered Species Conservation Fund	15.615		1,189,217	1,646,851	2,836,068
Clean Vessel Act	15.616		207,171	9,236	216,407
Sportfishing and Boating Safety Act	15.622		84,916		84,916
North American Wetlands Conservation Fund	15.623			60,320	60,320
Enhanced Hunter Education and Safety Program	15.626			164,681	164,681
Coastal Program	15.630			63,904	63,904
Partners for Fish and Wildlife	15.631		109,365	993	110,358
Landowner Incentive Program	15.633		190,213	7,924	198,137
State Wildlife Grants	15.634		390,930	1,219,473	1,610,403
Migratory Bird Joint Ventures	15.637			105,478	105,478

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of the Interior (continued)					
Service Training and Technical Assistance (Generic Training)	15.649			4,980	4,980
Research Grants (Generic)	15.650			36,392	36,392
Migratory Bird Monitoring, Assessment and Conservation	15.655			34,914	34,914
National Wildlife Refuge Fund	15.659			183,873	183,873
Coastal Impact Assistance Program <i>Pass-Through from Refugio County</i>	15.668	F12AF01325	8,036,321	10,712,174	18,748,495
				14,810	14,810
Total - CFDA 15.668			8,036,321	10,726,984	18,763,305
Cooperative Landscape Conservation <i>Pass-Through from International Crane Foundation</i>	15.669	UTA12-000534		8,052	8,052
U.S. Geological Survey Research and Data Collection	15.808			10,000	10,000
Gap Analysis Program	15.811			20,895	20,895
Historic Preservation Fund Grants-In-Aid	15.904		127,641	1,119,206	1,246,847
National Historic Landmark <i>Pass-Through from City of Nacogdoches</i>	15.912	204091		1,259	1,259
				56,687	56,687
Total - CFDA 15.912			0	57,946	57,946
Technical Preservation Services	15.915			8,311	8,311
Outdoor Recreation Acquisition, Development and Planning	15.916		1,112,350	687,626	1,799,976
Rivers, Trails and Conservation Assistance	15.921			47,500	47,500
National Center for Preservation Technology and Training	15.923		11,718	425	12,143
American Battlefield Protection	15.926			150	150
Save America's Treasures	15.929			40,876	40,876
Preservation of Japanese American Confinement Sites	15.933			21,280	21,280
National Trails System Projects	15.935			3,346	3,346
Cooperative Research and Training Programs - Resources of the National Park System	15.945			50,328	50,328
Total - U.S. Department of the Interior			11,487,284	23,252,527	34,739,811
U.S. Department of Justice					
U.S. Department of Justice <i>Pass-Through from City of Austin</i>	16.XXX	txdqngcd13 UTA13-000887		457,231	457,231
				50,776	50,776
Total - CFDA 16.XXX			0	508,007	508,007
Violence Against Women Act Court Training and Improvement Grants	16.013			70,652	70,652
Sexual Assault Services Formula Program	16.017		646,555		646,555
Joint Law Enforcement Operations (JLEO)	16.111			369,332	369,332
Community Relations Service	16.200			6,817	6,817
Law Enforcement Assistance FBI Field Police Training	16.302			102,818	102,818
Juvenile Accountability Block Grants	16.523		2,508,303	68,438	2,576,741

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Justice (continued)					
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525			214,063	214,063
<i>Pass-Through from North Central Texas College</i>		2011-WA-AX-0022		13,174	13,174
Total - CFDA 16.525			0	227,237	227,237
OVW Technical Assistance Initiative	16.526			99,306	99,306
Juvenile Justice and Delinquency Prevention Allocation to States	16.540		1,952,080	272,654	2,224,734
Part E - Developing, Testing and Demonstrating Promising New Programs	16.541			224,402	224,402
Missing Children's Assistance	16.543		44,447	448,447	492,894
Title V Delinquency Prevention Program	16.548		27,510		27,510
National Criminal History Improvement Program (NCHIP)	16.554			216,246	216,246
Crime Victim Assistance	16.575		29,865,456	1,978,437	31,843,893
Crime Victim Compensation	16.576			24,811,252	24,811,252
Edward Byrne Memorial Formula Grant Program	16.579			627,808	627,808
<i>Pass-Through from Nebraska Law Enforcement Training Center</i>		8000001816		12,249	12,249
Total - CFDA 16.579			0	640,057	640,057
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580			915,830	915,830
<i>Pass-Through from Institute for Intergovernmental Research</i>		8000001812	67,842	81,187	149,029
<i>Pass-Through from Institute for Intergovernmental Research</i>		8000001905	163,677	109,199	272,876
<i>Pass-Through from Institute for Intergovernmental Research</i>		8000001966	195,214	180,105	375,319
Total - CFDA 16.580			426,733	1,286,321	1,713,054
Violence Against Women Formula Grants	16.588		8,530,051	822,658	9,352,709
Residential Substance Abuse Treatment for State Prisoners	16.593		1,692,080	1,247	1,693,327
Community Capacity Development Office	16.595				
<i>Pass-Through from City of Arlington</i>		26-3906-25		409	409
State Criminal Alien Assistance Program	16.606			10,695,980	10,695,980
Bulletproof Vest Partnership Program	16.607			31,587	31,587
Project Safe Neighborhoods	16.609		364,884	133,998	498,882
Public Safety Partnership and Community Policing Grants	16.710				
<i>Pass-Through from Houston Police Department</i>		2011CKWXK009		65,114	65,114
Juvenile Mentoring Program	16.726			229,963	229,963
<i>Pass-Through from National 4-H Council</i>		2011-MU-MU-0026		48,185	48,185
Total - CFDA 16.726			0	278,148	278,148
Enforcing Underage Drinking Laws Program	16.727		31,062	269,464	300,526
Protecting Inmates and Safeguarding Communities Discretionary Grant Program	16.735			267,340	267,340

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Justice (continued)					
DNA Backlog Reduction Program	16.741			2,944,164	2,944,164
Paul Coverdell Forensic Sciences Improvement Grant	16.742		858,639	72,456	931,095
Capital Case Litigation	16.746			111,291	111,291
Convicted Offender and/or Arrestee DNA Backlog Reduction Program	16.748			(3,721)	(3,721)
Congressionally Recommended Awards	16.753		60,903	384,126	445,029
ARRA - Recovery Act - Internet Crimes against Children Task Force Program (ICAC)	16.800			200,403	200,403
NICS Act Record Improvement Program	16.813			149,502	149,502
John R. Justice Prosecutors and Defenders Incentive Act	16.816		112,112		112,112
Equitable Sharing Program	16.922			29,233	29,233
Total - U.S. Department of Justice			<u>47,120,815</u>	<u>47,783,822</u>	<u>94,904,637</u>
U.S. Department of Labor					
Labor Force Statistics	17.002			3,852,088	3,852,088
Compensation and Working Conditions	17.005			289,946	289,946
Registered Apprenticeship and Other Training	17.201			1,361	1,361
Unemployment Insurance	17.225		2,273,790	3,971,667,254	3,973,941,044
ARRA - Unemployment Insurance				8,926,501	8,926,501
Total - CFDA 17.225			<u>2,273,790</u>	<u>3,980,593,755</u>	<u>3,982,867,545</u>
Senior Community Service Employment Program	17.235		4,791,911	25,856	4,817,767
Trade Adjustment Assistance	17.245		9,550,335	1,831,361	11,381,696
One-Stop Career Initiative	17.257			556,909	556,909
WIA Dislocated Workers	17.260		46,676	495,274	541,950
WIA Pilots, Demonstrations, and Research Projects	17.261			41,128	41,128
Incentive Grants - WIA Section 503	17.267		1,760,892	189,871	1,950,763
H-1B Job Training Grants	17.268			1,101,332	1,101,332
Reintegration of Ex-Offenders	17.270			(34,487)	(34,487)
Work Opportunity Tax Credit Program (WOTC)	17.271			1,241,289	1,241,289
Temporary Labor Certification for Foreign Workers	17.273		6,232	460,220	466,452
ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275			784,697	784,697
Workforce Investment Act (WIA) National Emergency Grants	17.277		3,235,835	13,106	3,248,941
Workforce Investment Act (WIA) Dislocated Worker National Reserve Demonstration Grants	17.280		5,957	95,962	101,919
Occupational Safety and Health Susan Harwood Training	17.502		35,778	482,729	518,507
Consultation Agreements	17.504			2,713,969	2,713,969
OSHA Data Initiative	17.505			63,637	63,637
Mine Health and Safety Grants	17.600			304,072	304,072

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Labor (continued)					
Transition Assistance Program	17.807			70,666	70,666
Total - U.S. Department of Labor			21,707,406	3,995,174,741	4,016,882,147
U.S. Department of State					
U.S. Department of State	19.XXX				
<i>Pass-Through from Civilian Res and Dev Foundation</i>		CO-80477-12		102,858	102,858
<i>Pass-Through from Institute of International Education</i>		UTA12-000820		52,103	52,103
<i>Pass-Through from Institute of International Education</i>		UTA12-000888		116,327	116,327
<i>Pass-Through from Meridian International Center</i>		SIZ-100-12-CA054		90,850	90,850
<i>Pass-Through from North American Waste Management Association</i>		#231716		207,806	207,806
Total - CFDA 19.XXX			0	569,944	569,944
Environmental and Scientific Partnerships and Programs	19.017			139,756	139,756
Academic Exchange Programs - Graduate Students	19.400			2,500	2,500
<i>Pass-Through from Institute of International Education</i>		UTA11-000975		76,157	76,157
Total - CFDA 19.400			0	78,657	78,657
Academic Exchange Programs - Scholars	19.401				
<i>Pass-Through from Institute of International Education</i>		UTA12-000587		33,465	33,465
Professional and Cultural Exchange Programs - Citizen Exchanges	19.415			109,702	109,702
Academic Exchange Programs - English Language Programs	19.421				
<i>Pass-Through from Int'l Research Exchanges</i>		S-ECAA-E-07-CA-023		44,003	44,003
Public Diplomacy Programs for Afghanistan and Pakistan	19.501		35,556	345,601	381,157
AEECA PD Programs	19.900			770	770
Total - U.S. Department of State			35,556	1,321,898	1,357,454
U.S. Department of Transportation					
U.S. Department of Transportation	20.XXX				
DDEHBC-05X-00103,154, 155,159				30,973	30,973
DTFH64-12-G-00006				31,464	31,464
DTFH64-12-G-00009				26,800	26,800
DTFH64-12-G-00015				6,282	6,282
DTFH64-12-G-00020				11,500	11,500
DTFH64-12-G-00027				5,000	5,000
DTFH64-12-G-00074				1,500	1,500
HSTS0213HSLR256				33,766	33,766
Total - CFDA 20.XXX			0	147,285	147,285
Airport Improvement Program	20.106		150,535	67,045,710	67,196,245
Highway Research and Development Program	20.200				
<i>Pass-Through from Hempstead Independent School District</i>		G-00028-10		3,209	3,209
Highway Training and Education	20.215			59,877	59,877
National Motor Carrier Safety	20.218			14,291,325	14,291,325
Performance and Registration Information Systems	20.231			47,861	47,861

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Transportation (continued)					
Border Enforcement Grants	20.233			19,025,184	19,025,184
Commercial Vehicle Information Systems and Networks	20.237			161,345	161,345
Commercial Drivers License Information System (CDLIS) Modernization Grant	20.238			379,937	379,937
ARRA - High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants	20.319			1,118,516	1,118,516
Rail Line Relocation and Improvement	20.320			4,175,073	4,175,073
Metropolitan Transportation Planning	20.505		7,686,927		7,686,927
Formula Grants for Rural Areas ARRA - Formula Grants for Rural Areas	20.509		34,924,126 84,844	1,455,172	36,379,298 84,844
Total - CFDA 20.509			35,008,970	1,455,172	36,464,142
Public Transportation Research	20.514			12,451	12,451
State Planning and Research	20.515		1,021,815	739,935	1,761,750
National Highway Transportation Safety Administration (NHTSA) Discretionary Safety Grants	20.614		208,278		208,278
E-911 Grant Program	20.615			4,589,242	4,589,242
Pipeline Safety Program State Base Grant	20.700			432,501	432,501
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		48,800	1,206,001	1,254,801
PHMSA Pipeline Safety Program One Call Grant	20.721			83,639	83,639
U.S. Merchant Marine Academy	20.807			716,136	716,136
Total - U.S. Department of Transportation			44,125,325	115,690,399	159,815,724
U.S. Department of the Treasury					
U.S. Department of the Treasury	21.XXX	ICE123		508	508
		PL111-117:95X1350	1,178		1,178
		PL112-10:95X1350	12,754		12,754
		PL112-55:95X1350	202,614		202,614
		PL113-6X1350	126,841	12,811	139,652
		TX2273200		8,886	8,886
Total - CFDA 21.XXX			343,387	22,205	365,592
Low Income Taxpayer Clinics	21.008			111,899	111,899
Total - U.S. Department of the Treasury			343,387	134,104	477,491
General Services Administration					
Donation of Federal Surplus Personal Property	39.003		7,318,687	168,571	7,487,258
Election Reform Payments	39.011		73,840	159,825	233,665
Total - General Services Administration			7,392,527	328,396	7,720,923

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
Library of Congress					
Library of Congress	42.XXX				
<i>Pass-Through from Fhi Development 360, LLC</i>		OWLC-1205 (FHI 360# 4442-01-57-S-01)		6,007	6,007
<i>Pass-Through from Metropolitan State College of Denver</i>		118207M		1,808	1,808
Total - CFDA 42.XXX			0	7,815	7,815
Total - Library of Congress			0	7,815	7,815
National Aeronautics and Space Administration					
National Aeronautics and Space Administration	43.XXX				
		NNX08AW91G		12,303	12,303
		NNX09AJ33G		41,111	41,111
		NNX12AO09H NSR 369460		33,318	33,318
<i>Pass-Through from California Institute of Technology</i>		2-1091628		91,719	91,719
<i>Pass-Through from L - 3 National Security Solutions</i>		2008-SC-4-0136		72,844	72,844
<i>Pass-Through from NASA Space Science Days</i>		ESCG-SOW-PR10-1444		19,703	19,703
<i>Pass-Through from Rio Grande Valley Science Association</i>		NNX10AD31A		503	503
<i>Pass-Through from Search/extraterrestrial Intelligence Ins</i>		08-SC-1022		15,650	15,650
<i>Pass-Through from Space Telescope Science Institute</i>		HST-EO-12820.03-A		3,434	3,434
Total - CFDA 43.XXX			0	290,585	290,585
Science	43.001		127,449	1,058,329	1,185,778
<i>Pass-Through from University of Alabama</i>		SUB-2011-038		3,019	3,019
Total - CFDA 43.001			127,449	1,061,348	1,188,797
Education	43.008			220,450	220,450
<i>Pass-Through from Rio Grande Valley Science Association</i>		NNX11A1T016		1,745	1,745
Total - CFDA 43.008			0	222,195	222,195
Cross Agency Support	43.009			235,960	235,960
Total - National Aeronautics and Space Administration			127,449	1,810,088	1,937,537
National Endowment For The Humanities					
National Endowment For The Humanities	45.XXX				
<i>Pass-Through from American Antiquarian Society</i>		UTA12-000790		41,571	41,571
Promotion of the Arts Grants to Organizations and Individuals	45.024			141,968	141,968
Promotion of the Arts Partnership Agreements	45.025			943,304	943,304
Promotion of the Humanities Federal/State Partnership	45.129			5,251	5,251
<i>Pass-Through from Humanities Texas</i>		2012-4194		6,000	6,000
<i>Pass-Through from Humanities Texas</i>		2012-4272		3,000	3,000
<i>Pass-Through from Humanities Texas</i>		20124282		7,000	7,000
<i>Pass-Through from Humanities Texas</i>		2012-4302		951	951
<i>Pass-Through from Humanities Texas</i>		2012-4308		4,969	4,969
<i>Pass-Through from Humanities Texas</i>		2012-4328		1,291	1,291
<i>Pass-Through from Humanities Texas</i>		2013-4359		1,445	1,445
<i>Pass-Through from Humanities Texas</i>		2013-4413		1,112	1,112
<i>Pass-Through from Humanities Texas</i>		2013-4423		770	770
<i>Pass-Through from Humanities Texas</i>		2013-4444		107	107
<i>Pass-Through from Humanities Texas</i>		2013-4477		352	352

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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 Endowment For The Humanities (continued)					
<i>Pass-Through from Humanities Texas</i>		8000001846		1,500	1,500
<i>Pass-Through from Humanities Texas</i>		8000001902	828	672	1,500
<i>Pass-Through from Humanities Texas</i>		8000001977	608	1,079	1,687
<i>Pass-Through from Humanities Texas</i>		HTX Grant 2013-4383		840	840
Total - CFDA 45.129			1,436	36,339	37,775
Promotion of the Humanities Division of Preservation and Access	45.149		11,507	267,462	278,969
<i>Pass-Through from Oklahoma Historical Society</i>		11-101		129,387	129,387
Total - CFDA 45.149			11,507	396,849	408,356
Promotion of the Humanities Fellowships and Stipends	45.160			39,381	39,381
Promotion of the Humanities Research	45.161			19,329	19,329
Promotion of the Humanities Teaching and Learning Resources and Curriculum Development	45.162			30,058	30,058
Promotion of the Humanities Public Programs	45.164			4,500	4,500
Promotion of the Humanities We the People <i>Pass-Through from Humanities Texas</i>	45.168	2012-4198		2,356	2,356
Promotion of the Humanities Office of Digital Humanities <i>Pass-Through from University of New Mexico</i>	45.169	107016-87NO	27,191	64,744	91,935
Total - CFDA 45.169			27,191	67,491	67,491
Total - CFDA 45.169			27,191	132,235	159,426
Museums for America	45.301			24,166	24,166
21st Century Museum Professionals	45.307			23,692	23,692
Museum Grants for African American History and Culture	45.309			3,317	3,317
Grants to States <i>Pass-Through from Texas State Library Archives Commission</i> <i>Pass-Through from Texas State Library Archives Commission</i>	45.310	425500 TOBIA/TSLAC	2,523,017	7,868,155	10,391,172
Total - CFDA 45.310			2,523,017	7,500	7,500
Total - CFDA 45.310			2,523,017	4,360	4,360
Total - CFDA 45.310			2,523,017	7,880,015	10,403,032
National Leadership Grants	45.312		188,540	173,082	361,622
Laura Bush 21st Century Librarian Program <i>Pass-Through from Montana State Library</i> <i>Pass-Through from University of California - Los Angeles</i>	45.313	GN3983 0285 G QA138	92,036	1,022,221	1,114,257
Total - CFDA 45.313			92,036	31,478	31,478
Total - CFDA 45.313			92,036	77,266	77,266
Total - CFDA 45.313			92,036	1,130,965	1,223,001
Total - National Endowment For The Humanities			2,843,727	11,023,127	13,866,854
National Science Foundation					
National Science Foundation	47.XXX	BCS-1152180		127,920	127,920
		DMS-1153918		202,531	202,531
		NSD IPA 1321365		69,506	69,506
		OCI-1305208		54,002	54,002
<i>Pass-Through from Lockheed Martin</i>		67300		7,750	7,750
<i>Pass-Through from Lockheed Martin</i>		NSFDACS1219442		3,770,781	3,770,781

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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 Science Foundation (continued)					
<i>Pass-Through from National Science Foundation</i>		BCS-1243556		108,427	108,427
Total - CFDA 47.XXX			0	4,340,917	4,340,917
Engineering Grants	47.041			676,374	676,374
Mathematical and Physical Sciences	47.049			265,212	265,212
<i>Pass-Through from Mathematical Association of America/204031</i>		DMS-0846477		2,958	2,958
<i>Pass-Through from Michigan State University</i>		RC100197UTA PRIME: PHY-1068318		22,574	22,574
<i>Pass-Through from National Science Foundation</i>		DMS-0846477		1,787	1,787
<i>Pass-Through from Support of Advanced Ligo Upgrade By UTB</i>		PHY-0823459		52,677	52,677
<i>Pass-Through from University North Carolina at Chapel Hill</i>		232034		12,032	12,032
<i>Pass-Through from University of Notre Dame</i>		PHY-1219444		22,125	22,125
Total - CFDA 47.049			0	379,365	379,365
Geosciences	47.050			212,958	212,958
Computer and Information Science and Engineering	47.070			752,161	752,161
<i>Pass-Through from Computing Research Association</i>		CIF-E-007		96,153	96,153
Total - CFDA 47.070			0	848,314	848,314
Biological Sciences	47.074			2,916	2,916
Social, Behavioral, and Economic Sciences	47.075			16,199	16,199
<i>Pass-Through from Association for Institutional Research</i>		DG-13-32		18,332	18,332
Total - CFDA 47.075			0	34,531	34,531
Education and Human Resources	47.076		285,577	14,187,392	14,472,969
<i>Pass-Through from Collin College</i>		GN0005517		40,723	40,723
<i>Pass-Through from Collin County Community College</i>		DUE-0903239		11,385	11,385
<i>Pass-Through from Illinois State University</i>		11C128.06		4,493	4,493
<i>Pass-Through from Missouri University</i>		11052-017		74,181	74,181
<i>Pass-Through from Tennessee Technological University</i>		1022934		271	271
Total - CFDA 47.076			285,577	14,318,445	14,604,022
Office of International and Integrative Activities	47.079			12,138	12,138
<i>Pass-Through from Pire: An International Pulsar Timing</i>		OISE-0968296		230,810	230,810
Total - CFDA 47.079			0	242,948	242,948
ARRA - Trans-NSF Recovery Act Research Support	47.082			53	53
Total - National Science Foundation			285,577	21,056,821	21,342,398
Small Business Administration					
Small Business Administration	59.XXX	SBAHQ-10-I-0004 SBAHQ-10-I-0186		24,084 2,619	24,084 2,619
Total - CFDA 59.XXX			0	26,703	26,703
Small Business Development Centers	59.037		1,281,287	6,320,669	7,601,956
Veterans Business Development	59.044			193,294	193,294

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
Small Business Administration (continued)					
Federal and State Technology Partnership Program	59.058		1,829	11,587	13,416
State Trade and Export Promotion Pilot Grant Program	59.061			135,774	135,774
Total - Small Business Administration			<u>1,283,116</u>	<u>6,688,027</u>	<u>7,971,143</u>
U.S. Department of Veterans Affairs					
U.S. Department of Veterans Affairs	64.XXX	ESPINOZA/IPAA/CO NDE		16,393	16,393
		N/A		7,509	7,509
		VA257-P-0604		9,328	9,328
		VA671D15230		28,041	28,041
		VA671D32123		5,430	5,430
<i>Pass-Through from United States Olympic Committee</i>		2012C01103 - INV 26323		3,870	3,870
Total - CFDA 64.XXX			0	70,571	70,571
Grants to States for Construction of State Home Facilities	64.005			3,429,947	3,429,947
ARRA - Grants to States for Construction of State Home Facilities				879,187	879,187
Total - CFDA 64.005			0	4,309,134	4,309,134
Veterans State Nursing Home Care	64.015			41,800,821	41,800,821
Veterans State Hospital Care	64.016			18,632	18,632
VA Assistance to United States Paralympic Integrated Adaptive Sports Program	64.034				
<i>Pass-Through from United States Olympic Committee</i>		2013-PP-001		43,798	43,798
Burial Expenses Allowance for Veterans	64.101			784,004	784,004
Veterans Information and Assistance	64.115			4,483	4,483
All-Volunteer Force Educational Assistance	64.124			1,191,676	1,191,676
Vocational and Educational Counseling for Service Members and Veterans	64.125			6,075	6,075
State Cemetery Grants	64.203			790,960	790,960
Total - U.S. Department of Veterans Affairs			0	49,020,154	49,020,154
Environmental Protection Agency					
Air Pollution Control Program Support	66.001			352,832	352,832
State Indoor Radon Grants	66.032			57,606	57,606
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034			2,223,113	2,223,113
<i>Pass-Through from Central States Air Resource Agencies</i>		12-1001-MSO-078		15,143	15,143
<i>Pass-Through from National Environmental Educ. and Training</i>		XA-83461801-0		2,032	2,032
Total - CFDA 66.034			0	2,240,288	2,240,288
Internships, Training and Workshops for the Office of Air and Radiation	66.037			320,982	320,982
State Clean Diesel Grant Program	66.040			241,295	241,295

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
Environmental Protection Agency (continued)					
Congessionally Mandated Projects	66.202			101,742	101,742
Water Pollution Control State, Interstate, and Tribal Program Support	66.419		1,407,660	1,305,810	2,713,470
Surveys, Studies, Investigations, Demonstrations, and Training Grants - Section 1442 of the Safe Drinking Water Act	66.424			1,128,839	1,128,839
State Underground Water Source Protection	66.433			639,626	639,626
Water Quality Management Planning	66.454		564,675	224,836	789,511
National Estuary Program	66.456		245,015	160,382	405,397
Capitalization Grants for Clean Water State Revolving Funds	66.458		24,221,099	37,742,621	61,963,720
ARRA - Capitalization Grants for Clean Water State Revolving Funds			4,111,047	1,746,185	5,857,232
Total - CFDA 66.458			28,332,146	39,488,806	67,820,952
Nonpoint Source Implementation Grants	66.460		2,067,366	5,562,792	7,630,158
<i>Pass-Through from City of League City</i>		(MAIN 582-11-13147)		15,628	15,628
<i>Pass-Through from City of League City</i>		582-11-13147(TCEQ)		23,841	23,841
<i>Pass-Through from Guadalupe - Blanco River Authority</i>		451420		15,310	15,310
Total - CFDA 66.460			2,067,366	5,617,571	7,684,937
Capitalization Grants for Drinking Water State Revolving Funds	66.468		35,380,182	10,626,603	46,006,785
ARRA - Capitalization Grants for Drinking Water State Revolving Funds			5,537,138	304,177	5,841,315
Total - CFDA 66.468			40,917,320	10,930,780	51,848,100
Beach Monitoring and Notification Program Implementation Grants	66.472		218,920	63,576	282,496
Greater Research Opportunities (GRO) Fellowships For Undergraduate Environmental Study	66.513			10,000	10,000
Science To Achieve Results (STAR) Fellowship Program	66.514			119,388	119,388
Performance Partnership Grants	66.605		693,998	30,887,026	31,581,024
Environmental Information Exchange Network Grant Program and Related Assistance	66.608			120,493	120,493
Consolidated Pesticide Enforcement Cooperative Agreements	66.700			1,217,311	1,217,311
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701			137,269	137,269
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707			286,479	286,479
Pollution Prevention Grants Program	66.708			137,953	137,953
Multi-Media Capacity Building Grants for States and Tribes	66.709			143,699	143,699
Regional Agricultural IPM Grants	66.714			750	750
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies	66.716			3,807	3,807
<i>Pass-Through from IPM Institute of North America</i>		435570		8,660	8,660
Total - CFDA 66.716			0	12,467	12,467

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
Environmental Protection Agency (continued)					
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802			754,408	754,408
Underground Storage Tank Prevention, Detection and Compliance Program	66.804			4,152,066	4,152,066
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805			2,460,139	2,460,139
Superfund State and Indian Tribe Core Program Cooperative Agreements	66.809			759,564	759,564
Brownfield Job Training Cooperative Agreements <i>Pass-Through from City of Texarkana</i>	66.815	425400		240,843 2,176	240,843 2,176
Total - CFDA 66.815			0	243,019	243,019
State and Tribal Response Program Grants	66.817			657,397	657,397
International Financial Assistance Projects Sponsored by the Office of International and Tribal Affairs <i>Pass-Through from Border Environment Cooperation Commission</i>	66.931	TAA12-022/X4-00F4530		27,467	27,467
Environmental Education Training Program	66.950			5,187	5,187
Environmental Education Grants <i>Pass-Through from Environmental Education Association</i>	66.951	EEANM-REISTLE		3,161	3,161
Total - Environmental Protection Agency			74,447,100	105,010,214	179,457,314
Nuclear Regulatory Commission					
U. S. Nuclear Regulatory Commission Nuclear Education Grant Program <i>Pass-Through from University of Kansas Center for Research, Inc.</i>	77.006	FY2012-087		163,528 24,589	163,528 24,589
Total - CFDA 77.006			0	188,117	188,117
U.S. Nuclear Regulatory Commission Minority Serving Institutions Program (MSIP)	77.007			97,698	97,698
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program <i>Pass-Through from Council on Social Work Education</i>	77.008	NRC-38-08-946		290,502 106,287	290,502 106,287
Total - CFDA 77.008			0	396,789	396,789
Total - Nuclear Regulatory Commission			0	682,604	682,604
U.S. Department of Energy					
U.S. Department of Energy	81.XXX	DE-FE0017710 DE-FE0019754		6,024 6,024	6,024 6,024
<i>Pass-Through from Clean Energy Alliance</i>		1		6,076	6,076
<i>Pass-Through from Clean Energy Alliance</i>		2		(4,827)	(4,827)
<i>Pass-Through from Clean Energy Alliance</i>		3		7,842	7,842
<i>Pass-Through from Clean Energy Alliance</i>		4		7,842	7,842
<i>Pass-Through from Clean Energy Alliance</i>		5		4,862	4,862

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Energy (continued)					
<i>Pass-Through from Lawrence Berkley National Lab</i>		7015227		92,933	92,933
<i>Pass-Through from Sandia National Laboratories</i>		1164829		7,208	7,208
<i>Pass-Through from Sandia National Laboratories</i>		1165344		226,707	226,707
<i>Pass-Through from Sandia National Laboratories</i>		PO# 1155508; AGTMNT 772242		38,218	38,218
Total - CFDA 81.XXX			0	398,909	398,909
State Energy Program	81.041		3,979,856	5,715,294	9,695,150
ARRA - State Energy Program			28,164,557	21,123,985	49,288,542
Total - CFDA 81.041			32,144,413	26,839,279	58,983,692
Weatherization Assistance for Low-Income Persons	81.042		1,538,313	64,696	1,603,009
ARRA - Weatherization Assistance for Low-Income Persons			1,174,526	238,543	1,413,069
Total - CFDA 81.042			2,712,839	303,239	3,016,078
Office of Science Financial Assistance Program	81.049			63,010	63,010
<i>Pass-Through from University of Illinois - Champaign - Urbana</i>		2013-00236-05 (A0008)		5,851	5,851
Total - CFDA 81.049			0	68,861	68,861
Office of Scientific and Technical Information	81.064			13,255	13,255
ARRA - Conservation Research and Development	81.086		5,463,421	616,717	6,080,138
Renewable Energy Research and Development	81.087			816	816
Fossil Energy Research and Development	81.089				
<i>Pass-Through from Southern States Energy Board</i>		976-KS-TXBEG		21,228	21,228
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	81.106			321,373	321,373
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117				
<i>Pass-Through from Alliance for Sustainable Energy, LLC</i>		AEJ-2-11809-16		19,500	19,500
<i>Pass-Through from Houston Community College District</i>		Agreement20130416		2,590	2,590
Total - CFDA 81.117			0	22,090	22,090
Nuclear Energy Research, Development and Demonstration	81.121			75,947	75,947
ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122			719,854	719,854
<i>Pass-Through from Regents of the University of Minnesota</i>		A000211548		6,864	6,864
Total - CFDA 81.122			0	726,718	726,718
ARRA - Energy Efficient Appliance Rebate Program (EEARP)	81.127			1,059	1,059
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128		8,117,947	544,340	8,662,287
ARRA - Geologic Sequestration Training and Research Grant Program	81.133			50,950	50,950

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Energy (continued)					
Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis	81.214		312,585	742,121	1,054,706
Total - U.S. Department of Energy			<u>48,751,205</u>	<u>30,746,902</u>	<u>79,498,107</u>
U.S. Department of Education					
U.S. Department of Education	84.XXX	P007A5159		1,343	1,343
		P063P2584		1,040	1,040
		T195N070068-10		88,406	88,406
		T195N070272		163,100	163,100
		WIA 2012-2013		96,781	96,781
<i>Pass-Through from Arlington Independent School District</i>		26-3907-07		9,380	9,380
<i>Pass-Through from Austin Independent School District</i>		DC-AM572		159,109	159,109
<i>Pass-Through from National Writing Project Corp</i>		02-TX11		40,637	40,637
<i>Pass-Through from National Writing Project Corp</i>		06-TX17		5,247	5,247
<i>Pass-Through from United Negro College Fund</i>		PVAMU		43,015	43,015
<i>Pass-Through from Warwick Public Schools, Rhode Island</i>		DC-RIDE04		(131)	(131)
ARRA - U.S. Department of Education					
<i>Pass-Through from Rhode Island Department of Education</i>		3243764		1,146,936	1,146,936
Total - CFDA 84.XXX			0	1,754,863	1,754,863
Adult Education - Basic Grants to States	84.002		46,854,597	4,186,763	51,041,360
<i>Pass-Through from Harris County Department of Education</i>		V002A120044		349,792	349,792
Total - CFDA 84.002			46,854,597	4,536,555	51,391,152
Migrant Education State Grant Program	84.011		57,108,900	2,263,167	59,372,067
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		2,287	2,641,358	2,643,645
National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	84.015			1,355,470	1,355,470
Undergraduate International Studies and Foreign Language Programs	84.016			(383)	(383)
<i>Pass-Through from Center Cultural and Technical Interchange</i>		HC12742		13,148	13,148
Total - CFDA 84.016			0	12,765	12,765
Overseas Programs - Group Projects Abroad	84.021		10,262	351,799	362,061
Overseas Programs - Doctoral Dissertation Research Abroad	84.022			46,475	46,475
Higher Education Institutional Aid	84.031		171,363	24,085,823	24,257,186
<i>Pass-Through from El Paso Community College</i>		CC004940 21129- F21129		77,578	77,578
<i>Pass-Through from Laredo Community College</i>		PO31S070064		150,241	150,241
<i>Pass-Through from Laredo Community College</i>		PO31S120095		178,987	178,987
<i>Pass-Through from San Antonio College</i>		P031C110039-SRSU	149,772	3,379,213	3,528,985
<i>Pass-Through from Western Texas College Foundation</i>		P031S100014		8,225	8,225
Total - CFDA 84.031			321,135	27,880,067	28,201,202

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Education (continued)					
Federal Family Education Loans	84.032			(1,023)	(1,023)
Federal Family Education Loans - Loan Program	84.032L			118,755	118,755
Career and Technical Education -- Basic Grants to States <i>Pass-Through from Carl Perkins</i>	84.048	54246	82,048,920	8,774,821 341,919	90,823,741 341,919
Total - CFDA 84.048			82,048,920	9,116,740	91,165,660
Leveraging Educational Assistance Partnership	84.069		(317)		(317)
Fund for the Improvement of Postsecondary Education <i>Pass-Through from National Comm. Teaching and America Pass-Through from University of Louisiana at Lafayette</i>	84.116	2010-0359 231080	14,342	900,645 17,755 3,972	914,987 17,755 3,972
Total - CFDA 84.116			14,342	922,372	936,714
Minority Science and Engineering Improvement	84.120			1,101,576	1,101,576
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126		2,051,591	246,796,085	248,847,676
Rehabilitation Long-Term Training	84.129			1,516,776	1,516,776
National Institute on Disability and Rehabilitation Research <i>Pass-Through from TIRR Memorial Hermann Pass-Through from University of Massachusetts Boston</i>	84.133	H133A110027 H133A090002		62,745 52,659	62,745 52,659
Total - CFDA 84.133			0	115,404	115,404
Migrant Education High School Equivalency Program	84.141			1,897,907	1,897,907
Migrant Education Coordination Program	84.144		66,666	62,003	128,669
Migrant Education College Assistance Migrant Program	84.149			1,904,893	1,904,893
Business and International Education Projects	84.153			2,002	2,002
Independent Living State Grants	84.169		224,035	1,382,742	1,606,777
Javits Fellowships	84.170			224,374	224,374
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177			2,078,371	2,078,371
Special Education-Grants for Infants and Families	84.181		33,157,308	4,966,541	38,123,849
Safe and Drug-Free Schools and Communities National Programs	84.184			125,591	125,591
Byrd Honors Scholarships	84.185		(4,875)		(4,875)
Safe and Drug-Free Schools and Communities State Grants	84.186		(781)		(781)
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187			1,777,764	1,777,764
Bilingual Education Professional Development	84.195			544,142	544,142
Education for Homeless Children and Youth <i>Pass-Through from Education Service Center - Region X Pass-Through from Education Service Center - Region X</i>	84.196	UTA10-001075 UTA12-000999	6,036,964	3,779 670,798	6,036,964 3,779 670,798
Total - CFDA 84.196			6,036,964	674,577	6,711,541

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Education (continued)					
Graduate Assistance in Areas of National Need	84.200			1,068,795	1,068,795
Even Start State Educational Agencies	84.213		53,403	207	53,610
Fund for the Improvement of Education	84.215			1,671,268	1,671,268
<i>Pass-Through from Houston Independent School District</i>		SR-1- 13629967899UN3		49,750	49,750
<i>Pass-Through from LBJ Foundation</i>		UTA08-818		23,544	23,544
Total - CFDA 84.215			0	1,744,562	1,744,562
Centers for International Business Education	84.220			252,770	252,770
Assistive Technology	84.224		75,157	697,724	772,881
Language Resource Centers	84.229			163,134	163,134
Rehabilitation Training State Vocational Rehabilitation Unit In-Service Training	84.265			373,936	373,936
Eisenhower Professional Development State Grants	84.281		(154)		(154)
Charter Schools	84.282		5,772,045	683,744	6,455,789
Twenty-First Century Community Learning Centers	84.287		125,592,603	6,542,909	132,135,512
<i>Pass-Through from La Vega Independent School District</i>		161906		20,299	20,299
Total - CFDA 84.287			125,592,603	6,563,208	132,155,811
Foreign Language Assistance	84.293				
<i>Pass-Through from Clear Creek Independent School District</i>		WEAVERCCISD2013		545	545
State Grants for Innovative Programs	84.298		(359)		(359)
Education Research, Development and Dissemination	84.305			85,937	85,937
Capacity Building for Traditionally Underserved Populations	84.315			249,002	249,002
Research in Special Education	84.324			178,885	178,885
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325			2,173,086	2,173,086
<i>Pass-Through from Salus University</i>		83401		52,123	52,123
Total - CFDA 84.325			0	2,225,209	2,225,209
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326			701,639	701,639
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	84.330		40,134	2,144,972	2,185,106
Grants to States for Workplace and Community Transition Training for Incarcerated Individuals	84.331			233,229	233,229
Demonstration Projects to Support Postsecondary Faculty, Staff, and Administrations in Educating Students with Disabilities	84.333			(3,240)	(3,240)
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		1,402,460	18,430,993	19,833,453
<i>Pass-Through from Baylor University</i>		P334A060157		58,460	58,460

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Education (continued)					
<i>Pass-Through from SA Independent School District</i>		RFP#11-037(RC)		157,353	157,353
Total - CFDA 84.334			1,402,460	18,646,806	20,049,266
Child Care Access Means Parents in School	84.335			823,193	823,193
Class Size Reduction	84.340		(940)		(940)
Transition to Teaching	84.350			1,099,329	1,099,329
Credit Enhancement for Charter School Facilities	84.354			11,548,846	11,548,846
Rural Education	84.358		6,478,962	271,743	6,750,705
Early Reading First <i>Pass-Through from Tehama Independent School District</i>	84.359	S359B030606		1	1
School Leadership	84.363			657,294	657,294
English Language Acquisition State Grants	84.365		95,767,759	5,068,692	100,836,451
Mathematics and Science Partnerships <i>Pass-Through from Alice Independent School District</i>	84.366	MOU 6.28.12	10,935,219	5,780,287	16,715,506
<i>Pass-Through from Education Service Center Region 13</i>		503002		3,000	3,000
<i>Pass-Through from Education Service Center Region 13</i>		505854		2,995	2,995
<i>Pass-Through from Mathis Independent School District</i>		MOU 9.4.12		15,745	15,745
Total - CFDA 84.366			10,935,219	9,224	9,224
Improving Teacher Quality State Grants	84.367		190,496,941	7,464,795	197,961,736
<i>Pass-Through from BISD Sabel Palms Writing Project</i>		27233		1,741	1,741
<i>Pass-Through from National Writing Project</i>		03-TX12-SEED2012		17,233	17,233
<i>Pass-Through from National Writing Project</i>		06-TX16-SEED2012		18,623	18,623
<i>Pass-Through from National Writing Project</i>		09-TX19-SEED2012		30,080	30,080
<i>Pass-Through from National Writing Project</i>		92-TX06-SE		2,514	2,514
<i>Pass-Through from National Writing Project</i>		99-TX09-SEED2012		20,000	20,000
<i>Pass-Through from National Writing Project Corp</i>		02-TX11-SEED2012 (AMEND. 1)		2,063	2,063
<i>Pass-Through from National Writing Project Corp</i>		02-TX11-SEED2012 (ORIGINAL)		19,974	19,974
<i>Pass-Through from National Writing Project Corp</i>		06-TX-17-SEED2012		7,246	7,246
<i>Pass-Through from National Writing Project Corp</i>		06-TX17-SEED2012		18,470	18,470
<i>Pass-Through from National Writing Project Corp</i>		8000001817	6,650	29,680	36,330
<i>Pass-Through from Texas Christian University</i>		24289-13-01		110,882	110,882
<i>Pass-Through from University of California - Berkeley</i>		06-TX15-SEED2012		20,000	20,000
Total - CFDA 84.367			190,503,591	7,763,301	198,266,892
Grants for State Assessments and Related Activities	84.369		3,787,731	30,346,467	34,134,198
Striving Readers	84.371		42,888,109	1,817,172	44,705,281
Academic Competitiveness Grants	84.375			(385)	(385)
National Science and Mathematics Access to Retain Talent (SMART) Grants	84.376			(3,000)	(3,000)
College Access Challenge Grant Program	84.378		2,897,698	6,457,861	9,355,559
ARRA - Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act <i>Pass-Through from Texas Department of Assistive and Rehab Services</i>	84.390	5382001144		828	828

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Education (continued)					
ARRA - Special Education Grants to States, Recovery Act	84.391		(30,225)		(30,225)
ARRA - Special Education - Preschool Grants, Recovery Act	84.392		(2,000)		(2,000)
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394		(39,988)		(39,988)
Education Jobs Fund	84.410		17,267,703	7,637	17,275,340
Investing in Innovation (i3) Fund	84.411			585,306	585,306
Troops to Teachers	84.815		212,981		212,981
National Writing Project	84.928			32,687	32,687
<i>Pass-Through from National Writing Project</i>		03-TX12		10,114	10,114
<i>Pass-Through from National Writing Project</i>		03-TX12-SEED2012		16,317	16,317
<i>Pass-Through from National Writing Project</i>		06TX16		8,148	8,148
<i>Pass-Through from National Writing Project</i>		09-TX19		10,329	10,329
<i>Pass-Through from National Writing Project</i>		99-TX09		4,119	4,119
<i>Pass-Through from National Writing Project Corp</i>		8000001303		1,331	1,331
<i>Pass-Through from University of California - Berkeley</i>		06-TX15		8,523	8,523
Total - CFDA 84.928			0	91,568	91,568
Hurricane Education Recovery	84.938			367,998	367,998
Total - U.S. Department of Education			731,492,923	424,896,277	1,156,389,200
Scholarship Foundations					
Woodrow Wilson Center Fellowships in the Humanities and Social Sciences	85.300				
<i>Pass-Through from Woodrow Wilson International Center</i>		GREENE WWIC FELLOWSHIP		44,427	44,427
Total - CFDA 85.300			0	44,427	44,427
Total - Scholarship Foundations			0	44,427	44,427
National Archives and Records Administration					
National Archives and Records Administration	89.XXX	NAMA-12-C-0011 CLIN 0001-0004 0006 NAMA-12-C-0011 CLIN 0005		199,541	199,541
Total - CFDA 89.XXX			0	247,969	247,969
National Historical Publications and Records Grants	89.003			1,833,398	1,833,398
Total - National Archives and Records Administration			0	2,081,367	2,081,367
Denali Commission					
Help America Vote Act Requirements Payments	90.401			6,024,854	6,024,854
Total - CFDA 90.401			6,024,854	0	6,024,854
Total - Denali Commission			6,024,854	0	6,024,854

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
United States Institute of Peace					
Annual Grant Competition	91.001			2,000	2,000
Total - CFDA 91.001			0	2,000	2,000
Total - United States Institute of Peace			0	2,000	2,000
U.S. Department of Health and Human Services					
U.S. Department of Health and Human Services	93.XXX	200-2009-M-29288-00003	13		13
		200-2012-50843-0002	1,013,138		1,013,138
		200-2012-M-50202	253,432		253,432
		212-2011-M-40768 1EXT	(524)		(524)
		214-2011-M-39669	27,128		27,128
		HHSN261201200442P	44,121		44,121
<i>Pass-Through from Community Council of Greater Dallas</i>		DSHS 2012-041055	1,012		1,012
<i>Pass-Through from Houston Academy of Medicine - Texas Med Center Library</i>		HAM-TMC/HHSN-276-201	14,171		14,171
<i>Pass-Through from Houston Academy of Medicine - Texas Med Center Library</i>		HHSN201100007C	1,538		1,538
<i>Pass-Through from Houston Academy of Medicine - Texas Med Center Library</i>		HHSN276201100007C	6,456		6,456
<i>Pass-Through from Houston Academy of Medicine - Texas Med Center Library</i>		HHSN-276-2011-00007C	585		585
<i>Pass-Through from Houston Academy of Medicine - Texas Med Center Library</i>		HHSN276-2011-00007-C	14,000		14,000
<i>Pass-Through from Memorial Hermann - Texas Medical Center</i>		CMSTGCGNE13	521,060		521,060
<i>Pass-Through from Memorial Hermann Hospital System</i>		CMSUTHSC13	868,186		868,186
<i>Pass-Through from Resource Group</i>		13UTP00RWC	25,824		25,824
<i>Pass-Through from Tmf Health Quality Institute</i>		DAID-COL-02 (GS-10F-0214T)	9,925		9,925
<i>Pass-Through from University of South Carolina</i>		1 R01 HD072153-01A1	12,634		12,634
<i>Pass-Through from WSC - Child 12 - 13</i>		WSC-450770	50,000		50,000
ARRA - U.S. Department of Health and Human Services		635243-10S-1570	820,592		820,592
		HSSH250200900045C	50,341		50,341
Total - CFDA 93.XXX			0	3,733,632	3,733,632
Cooperative Agreements to Improve the Health Status of Minority Populations	93.004				
<i>Pass-Through from HIV/AIDS Prevention Education Program</i>		HHPMP101013-02-00		30,053	30,053
<i>Pass-Through from Texans Standing Tall Statewide Coalition</i>		PROPOSAL 1312875 01-17-2013		6,000	6,000
Total - CFDA 93.004			0	36,053	36,053
HIV Prevention Programs for Women	93.015			135,289	135,289
Strengthening Public Health Services at the Outreach Offices of the U.S.-Mexico Border Health Commission	93.018		(1,283)	673,579	672,296
Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and	93.041		300,805		300,805
Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	93.042		1,023,953		1,023,953
<i>Pass-Through from City of Houston Health and Human Services</i>		FC55472-12		245,436	245,436
Total - CFDA 93.042			1,023,953	245,436	1,269,389

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Health and Human Services (continued)					
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	93.043		1,705,103		1,705,103
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048			423,693	423,693
Alzheimer's Disease Demonstration Grants to States	93.051		31,052	77,491	108,543
National Family Caregiver Support, Title III, Part E	93.052		9,503,201	225,972	9,729,173
Training in General, Pediatric, and Public Health Dentistry	93.059			478,964	478,964
Centers for Genomics and Public Health	93.063			14,141	14,141
State Vital Statistics Improvement Program	93.066			(36,314)	(36,314)
Global AIDS <i>Pass-Through from Muhimbili University of Health and Allied</i>	93.067	1U2GGH000837		18,659	18,659
Public Health Emergency Preparedness	93.069		23,951,808	19,477,367	43,429,175
Environmental Public Health and Emergency Response	93.070		263,122	70,116	333,238
Lifespan Respite Care Program	93.072			149,190	149,190
Guardianship Assistance	93.090			2,338,997	2,338,997
Affordable Care Act (ACA) Personal Responsibility Education Program <i>Pass-Through from Cardea Services</i> <i>Pass-Through from Change Happens</i>	93.092	UTA12-001046 90AK0022		35,625 51,448	35,625 51,448
Total - CFDA 93.092			0	87,073	87,073
Health Disparities in Minority Health <i>Pass-Through from Lewin Group, Inc.</i>	93.100	TLG08-70		4,926	4,926
Food and Drug Administration Research	93.103			1,694,700	1,694,700
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104			20,373	20,373
Area Health Education Centers Point of Service Maintenance and Enhancement Awards <i>Pass-Through from National Ahec Organization, Inc.</i>	93.107	HSSH250200900063C	956,047	1,100,924	2,056,971
Total - CFDA 93.107			956,047	1,243,669	2,199,716
Maternal and Child Health Federal Consolidated Programs	93.110		240,354	(831,315)	(590,961)
Environmental Health	93.113			341,470	341,470
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		3,245,241	3,049,515	6,294,756
Acquired Immunodeficiency Syndrome (AIDS) Activity <i>Pass-Through from City of Houston Health and Human Services</i>	93.118	6H12HA000039		3	3
Oral Diseases and Disorders Research	93.121			305,259	305,259
Nurse Anesthetist Traineeships	93.124			22,246	22,246
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130			238,329	238,329

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Health and Human Services (continued)					
Injury Prevention and Control Research and State and Community Based Programs	93.136			2,533,552	2,533,771
AIDS Education and Training Centers	93.145				
<i>Pass-Through from Dallas County Hospital District</i>		OTHER-4454 0		98,184	98,184
<i>Pass-Through from Dallas County Hospital District</i>		OTHER-5940 0		1,242	1,242
<i>Pass-Through from Howard University</i>		DORAN: HA00066/HRSA		(341)	(341)
<i>Pass-Through from Parkland Health and Hospital Systems</i>		756004221		2,371	2,371
Total - CFDA 93.145			0	101,456	101,456
Projects for Assistance in Transition from Homelessness	93.150			4,354,271	4,456,489
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153			907,909	1,694,179
Geriatric Training for Physicians, Dentists and Behavioral/Mental Health Professionals	93.156				565,571
Centers of Excellence	93.157			14,536	1,656,697
Nursing Workforce Diversity	93.178				525,435
Disabilities Prevention	93.184			157,679	157,679
<i>Pass-Through from American Thrombosis and Hemostasis Network</i>		ATHN2001-VI-2		116,554	116,554
Total - CFDA 93.184			157,679	116,554	274,233
Graduate Psychology Education Program and Patient Navigator and Chronic Disease Prevention Program	93.191				155,931
Telehealth Programs	93.211			25,769	112,605
Hansen's Disease National Ambulatory Care Program	93.215			(138,892)	578,907
Family Planning Services	93.217			10,517,015	10,388,723
Research on Healthcare Costs, Quality and Outcomes	93.226				45,179
Traumatic Brain Injury State Demonstration Grant Program	93.234				178,768
Affordable Care Act (ACA) Abstinence Education Program	93.235			2,709,128	3,644,197
Grants to States to Support Oral Health Workforce Activities	93.236			356,027	285,051
State Capacity Building	93.240				339,242
State Rural Hospital Flexibility Program	93.241			238,279	350,173
Mental Health Research Grants	93.242				81,067
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243			1,871,121	1,676,994
<i>Pass-Through from Bexar County Juvenile Probation Department.</i>		UTHSC234/H79TI022883		92,575	92,575
<i>Pass-Through from Center for Health Care Services</i>		1/IUD1TI023519-001		55,827	55,827
<i>Pass-Through from Family Service Association</i>		1H79TI0872301/FSA		2,766	2,766
<i>Pass-Through from Harris County</i>		Interlocal Contract		(12,930)	(12,930)
<i>Pass-Through from Mercer University</i>		420638-UT-04		11,181	11,181
<i>Pass-Through from San Antonio Council Alcohol and Drug Abuse</i>		1 / 1H79TI023996-01		54,840	54,840
<i>Pass-Through from Starcare Specialty Health System</i>		H79SM059678		322,966	322,966
Total - CFDA 93.243			1,871,121	2,204,219	4,075,340
Advanced Nursing Education Grant Program	93.247			(5,260)	1,552,675

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Health and Human Services (continued)					
Geriatric Academic Career Awards	93.250			20,681	20,681
Universal Newborn Hearing Screening	93.251			213,514	213,514
Poison Center Support and Enhancement Grant Program	93.253			579,389	579,389
State Health Access Program	93.256		(311,069)	7,555,330	7,244,261
Occupational Safety and Health Program <i>Pass-Through from University of Iowa</i>	93.262	W0001356072/PO# 1001019577	19,148	1,241,593 18,842	1,260,741 18,842
Total - CFDA 93.262			19,148	1,260,435	1,279,583
Immunization Cooperative Agreements	93.268		8,642,811	377,194,424	385,837,235
Adult Viral Hepatitis Prevention and Control	93.270			94,706	94,706
Alcohol Research Programs	93.273			504,734	504,734
Drug Abuse and Addiction Research Programs	93.279		7,864	1,310,980	1,318,844
Mental Health National Research Service Awards for Research Training	93.282			288,824	288,824
The Affordable Care Act: Centers for Disease Control and Prevention Investigations and Technical Assistance <i>Pass-Through from City of Houston Health and Human Services</i> <i>Pass-Through from John Snow, Inc. Mother Care</i> <i>Pass-Through from Lance Armstrong Foundation</i> <i>Pass-Through from Sw Center for Pediatric Environmental Health</i> <i>Pass-Through from Texas Institute for Health Policy Resrch</i>	93.283	CCU622445-02 HRN5966C3038 11-0030-461741 521553060 RFP 50100-4-210034	4,850,594	7,377,897 85 83 2 110,822 384	12,228,491 85 83 2 129,610 384
Total - CFDA 93.283			4,869,382	7,489,273	12,358,655
Discovery and Applied Research for Technological Innovations to Improve Human Health <i>Pass-Through from Baylor College of Medicine</i>	93.286	5T32-EB006350-05		165,803 39,070	165,803 39,070
Total - CFDA 93.286			0	204,873	204,873
State Partnership Grant Program to Improve Minority Health	93.296			179,153	179,153
Teenage Pregnancy Prevention Program	93.297		320,024	1,877,232	2,197,256
Small Rural Hospital Improvement Grant Program	93.301		113,037	27,772	140,809
Minority Health and Health Disparities Research	93.307			77,850	77,850
National Center for Advancing Translational Sciences	93.350			341,072	341,072
Advanced Education Nursing Traineeships	93.358			896,303	896,303
Nurse Education, Practice Quality and Retention Grants <i>Pass-Through from Duke University</i>	93.359	D80HP11272	12,582	1,350,354 1,600	1,362,936 1,600
Total - CFDA 93.359			12,582	1,351,954	1,364,536
Biomedical Advanced Research and Development Authority (BARDA), Biodefense Medical Countermeasure Development	93.360			318,491	318,491
Nursing Research	93.361			43,456	43,456
National Center for Research Resources	93.389			534,188	534,188
Academic Research Enhancement Award	93.390			29,630	29,630

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Health and Human Services (continued)					
Cancer Cause and Prevention Research	93.393			531,834	531,834
Cancer Treatment Research	93.395			10,000	10,000
<i>Pass-Through from Cornerstone Systems Northwest, Inc.</i>		5U24CA055727 19		25,524	25,524
<i>Pass-Through from Gynecologic Oncology Group</i>		5U10CA027469 33		3,216	3,216
Total - CFDA 93.395			0	38,740	38,740
Cancer Research Manpower	93.398		23,456	2,433,553	2,457,009
<i>Pass-Through from Oregon Health Sciences University</i>		1002074/R25CA15857		98,913	98,913
Total - CFDA 93.398			23,456	2,532,466	2,555,922
ARRA Grants for Training in Primary Care Medicine and Dentistry Training and Enhancement	93.403			1,205,236	1,205,236
ARRA - Dental Public Health Residency Training Grants	93.404			8,441	8,441
ARRA - State Primary Care Offices	93.414			259,195	259,195
Food Safety and Security Monitoring Project	93.448			226,501	226,501
Affordable Care Act (ACA) Nursing Assistant and Home Health Aide Program	93.503				
<i>Pass-Through from Sears Methodist Retirement System, Inc.</i>		T51HP20702		45,921	45,921
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505		7,933,091	957,892	8,890,983
PPHF 2012 National Public Health Improvement Initiative	93.507			413,696	413,696
Affordable Care Act (ACA) Primary Care Residency Expansion Program	93.510			659,121	659,121
Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	93.511			116,354	116,354
Affordable Care Act (ACA) Advanced Nursing Education Expansion Initiative	93.513			301,224	301,224
Affordable Care Act (ACA) Expansion of Physician Assistant Training Program	93.514			440,000	440,000
Affordable Care Act (ACA) Nurse-Managed Health Clinics	93.515			463,909	463,909
Affordable Care Act (ACA) Public Health Training Centers Program	93.516			408,338	408,338
Affordable Care Act - Medicare Improvements for Patients and Providers	93.518		151,946	(5,000)	146,946
Centers for Disease Control and Prevention - Affordable Care Act (ACA) - Communities Putting Prevention to Work	93.520			156,737	156,737
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements;PPHF	93.521		176,310	521,240	697,550

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Health and Human Services (continued)					
The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public Health Fund Activities	93.523		383,423	474,670	858,093
Affordable Care Act (ACA) Grants for Capital Development in Health Centers	93.526			968,634	968,634
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants	93.531		6,341,658	6,383,666	12,725,324
<i>Pass-Through from City of Austin</i>		UTA-HPWP		29,556	29,556
<i>Pass-Through from North East Texas Public Health District</i>		362167817		98,808	98,808
Total - CFDA 93.531			6,341,658	6,512,030	12,853,688
Affordable Care Act (ACA) Childhood Obesity Research Demonstration	93.535			9,615	9,615
The Affordable Care Act Medicaid Incentives for Prevention of Chronic Disease Demonstration Project	93.536			3,374,791	3,374,791
PPHF 2012 - Prevention and Public Health Fund (Affordable Care Act) - Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by 2012 Prevention and Public Health Funds	93.539			231,578	231,578
The Patient Protection and Affordable Care Act of 2010 (Affordable Care Act) authorizes Coordinated Chronic Disease Prevention and Health Promotion Program	93.544			478,042	478,042
Promoting Safe and Stable Families	93.556		3,989,460	26,050,267	30,039,727
Child Support Enforcement	93.563			176,760,274	176,760,274
Child Support Enforcement Research	93.564			175,679	175,679
Refugee and Entrant Assistance State Administered Programs	93.566		28,213,697	14,389,777	42,603,474
Low-Income Home Energy Assistance	93.568		143,798,851	1,546,487	145,345,338
Community Services Block Grant	93.569		33,687,263	1,166,355	34,853,618
Refugee and Entrant Assistance Discretionary Grants	93.576		1,816,406	37,011	1,853,417
Refugee and Entrant Assistance Targeted Assistance Grants	93.584		2,988,950		2,988,950
State Court Improvement Program	93.586		853,817	1,165,796	2,019,613
Community-Based Child Abuse Prevention Grants	93.590		797,465	4,293,433	5,090,898
Grants to States for Access and Visitation Programs	93.597		604,692	126,417	731,109
Chafee Education and Training Vouchers Program (ETV)	93.599			3,526,350	3,526,350
Head Start	93.600			886,986	886,986
<i>Pass-Through from Center for Health Care Services</i>		CMH HEAD START		1,230	1,230
<i>Pass-Through from Head Start Bureau</i>		90-YQ-00		36,310	36,310
Total - CFDA 93.600			0	924,526	924,526
Adoption Incentive Payments	93.603			5,812,001	5,812,001
The Affordable Care Act Medicaid Adult Quality Grants	93.609			582,842	582,842
Health Care Innovation Awards (HCIA)	93.610		1,359,776	1,001,192	2,360,968

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Health and Human Services (continued)					
Strong Start for Mothers and Newborns	93.611			39,741	39,741
Voting Access for Individuals with Disabilities Grants to States	93.617		529,731	12,893	542,624
ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance	93.624			685,678	685,678
Developmental Disabilities Basic Support and Advocacy	93.630		2,734,594	2,255,257	4,989,851
Developmental Disabilities Projects of National Significance <i>Pass-Through from Respite Care of San Antonio</i>	93.631	1/90DN0276		18,352 9,917	18,352 9,917
Total - CFDA 93.631			0	28,269	28,269
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632			578,591	578,591
Children's Justice Grants to States <i>Pass-Through from Texas Center for the Judiciary</i> <i>Pass-Through from Texas Center for the Judiciary</i>	93.643	CJA-13-03 G-1201TXCJA-1	47,489	3,147 5,437	3,147 47,489 5,437
Total - CFDA 93.643			47,489	8,584	56,073
Stephanie Tubbs Jones Child Welfare Services Program	93.645			32,907,607	32,907,607
Adoption Opportunities	93.652		221,349	213,793	435,142
Foster Care Title IV-E	93.658		5,152,529	214,203,169	219,355,698
Adoption Assistance	93.659			104,537,632	104,537,632
Social Services Block Grant <i>Pass-Through from Houston - Galveston Area Council</i>	93.667	P64278	35,325,569	135,995,164 5,571	171,320,733 5,571
Total - CFDA 93.667			35,325,569	136,000,735	171,326,304
Child Abuse and Neglect State Grants	93.669			2,851,867	2,851,867
Family Violence Prevention and Services/Battered Women's Shelters Grants to States and Indian Tribes	93.671		5,362,884		5,362,884
Chafee Foster Care Independence Program	93.674			8,550,133	8,550,133
ARRA - Trans-NIH Recovery Act Research Support <i>Pass-Through from Rice University</i>	93.701	5T15LM007093-20		136,366 26,378	136,366 26,378
Total - CFDA 93.701			0	162,744	162,744
ARRA - National Center For Research Resources, Recovery Act Construction Support	93.702			262,059	262,059
ARRA - Head Start	93.708			6,467,375	6,467,375
ARRA - Community Services Block Grant	93.710		(2,092)		(2,092)
ARRA - Immunization <i>Pass-Through from Texas Department of State Health Services</i>	93.712	2010-035443-001		85	85
ARRA - Child Care And Development Block Grant <i>Pass-Through from Gulf Coast Workforce Board</i>	93.713	2812CCMC39		24,449	24,449
ARRA - Health Information Technology Regional Extension Centers Program <i>Pass-Through from Dallas - Fort Worth Hospital Council</i>	93.718	2013-301555	49,500	1,828,573	1,878,073
				514,000	514,000

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Health and Human Services (continued)					
<i>Pass-Through from North Texas Regional Extension Center</i>		90Rc0048		169,562	169,562
Total - CFDA 93.718			49,500	2,512,135	2,561,635
ARRA - State Grants to Promote Health Information	93.719		7,865,532	(138,675)	7,726,857
ARRA - Prevention and Wellness-State, Territories and Pacific Islands	93.723			61,424	61,424
ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)	93.724			448,655	448,655
ARRA - Communities Putting Prevention to Work: Chronic Disease Self-Management Program	93.725		23,900		23,900
ARRA - ARRA-Health Information Technology and Public Health	93.729			9,279	9,279
Mental and Behavioral Health Education and Training Grants	93.732			36,735	36,735
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance	93.733			584,000	584,000
State Public Health Approaches for Ensuring Quitline Capacity	93.735			1,281,475	1,281,475
Prevention Public Health Fund 2012: Viral Hepatitis Prevention	93.736		35,801	140,887	176,688
PPHF 2012: Racial and Ethnic Approaches to Community Health Program	93.738			146,685	146,685
<i>Pass-Through from Hidalgo Medical Services</i>		04052013 (CDC-RSC PRIME# 1U58DP004710) U58DP004710		114,655	114,655
<i>Pass-Through from Hidalgo Medical Services</i>				0	261,340
Total - CFDA 93.738			0	261,340	261,340
Elder Abuse Prevention Interventions Program	93.747			82,784	82,784
PPHF-2012 Cooperative Agreements for Prescription Drug Monitoring Program Electronic Health Record (EHR) Integration and Interoperability Expansion	93.748			6,511	6,511
Children's Health Insurance Program	93.767			907,611,157	907,611,157
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779			2,813,403	2,813,403
<i>Pass-Through from Memorial Hermann Hospital</i>		CMSPVAM13- CMSTGCGNE13		208,925	208,925
Total - CFDA 93.779			0	3,022,328	3,022,328
Money Follows the Person Rebalancing Demonstration	93.791		645,628	44,738,264	45,383,892
<i>Pass-Through from Center for Health Care Services</i>		MAPLES - CHCS		29,763	29,763
Total - CFDA 93.791			645,628	44,768,027	45,413,655
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796			23,440,587	23,440,587
Health Careers Opportunity Program	93.822			757,457	757,457

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Health and Human Services (continued)					
Area Health Education Centers Infrastructure Development Awards	93.824				
<i>Pass-Through from National AHEC Organization, Inc.</i>		HSSH250200900063C		2,900	2,900
Cardiovascular Diseases Research	93.837			443,914	443,914
<i>Pass-Through from Emory University</i>		5K23HL105785-03		124	124
Total - CFDA 93.837			0	444,038	444,038
Arthritis, Musculoskeletal and Skin Diseases Research	93.846			202,350	202,350
Diabetes, Digestive, and Kidney Diseases Extramural	93.847			212,388	212,388
<i>Pass-Through from Children's Hospital of Los Angeles</i>		UTA13-000766		539	539
Total - CFDA 93.847			0	212,927	212,927
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853			503,265	503,265
Allergy, Immunology and Transplantation Research	93.855		31,654	230,216	261,870
<i>Pass-Through from Baylor College of Medicine</i>		5T32AI053831 09		17,557	17,557
<i>Pass-Through from Texas Biomedical Research Institute</i>		BASEMAN/TBRI/NA NDAMU		2,445	2,445
Total - CFDA 93.855			31,654	250,218	281,872
Biomedical Research and Research Training	93.859		46,477	1,014,109	1,060,586
<i>Pass-Through from Baylor College of Medicine</i>		2T32GM008280-24		47,534	47,534
<i>Pass-Through from Baylor College of Medicine</i>		5T32GM00828024		32,266	32,266
<i>Pass-Through from Baylor College of Medicine</i>		PO5600865248-5K12GM08489705		28,407	28,407
<i>Pass-Through from Utah Texas Bridge to Biomedical Studies</i>		10004657-01		49,891	49,891
Total - CFDA 93.859			46,477	1,172,207	1,218,684
Child Health and Human Development Extramural Research	93.865		310,722	802,245	1,112,967
<i>Pass-Through from George Washington University</i>		5U01HD06854-02		52,024	52,024
Total - CFDA 93.865			310,722	854,269	1,164,991
Aging Research	93.866			933,791	933,791
Vision Research	93.867			421,523	421,523
Medical Library Assistance	93.879				
<i>Pass-Through from Houston Academy of Medicine - Texas Medical Center</i>		HHSN-276-2011-00007-C		2,283	2,283
<i>Pass-Through from Rice University</i>		5T15LM07093-20		26,028	26,028
Total - CFDA 93.879			0	28,311	28,311
Grants for Primary Care Training and Enhancement	93.884		9,946	1,768,227	1,778,173
Health Care and Other Facilities	93.887			436,224	436,224
National Bioterrorism Hospital Preparedness Program	93.889		20,830,022	5,575,420	26,405,442
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	93.912		76,729	154,047	230,776

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Health and Human Services (continued)					
Grants to States for Operation of Offices of Rural Health	93.913		176,283	58,100	234,383
HIV Emergency Relief Project Grants	93.914				
<i>Pass-Through from Harris County Hospital District</i>		6H12HA000390-15GA-05199		440,611	440,611
<i>Pass-Through from Harris County Public Health and Envir Svc</i>		10GEN2809		785	785
<i>Pass-Through from Harris County Public Health and Envir Svc</i>		11GEN2004		134,939	134,939
<i>Pass-Through from Harris County Public Health and Envir Svc</i>		13GEN0058		89,972	89,972
<i>Pass-Through from University Health System</i>		1100140-02-LS		(688)	(688)
<i>Pass-Through from University Health System</i>		1200076-LS		27,284	27,284
<i>Pass-Through from University Health System</i>		1200077-LS PART A		8,879	8,879
<i>Pass-Through from University Health System</i>		RYAN WHITE 2013-2014		38,949	38,949
Total - CFDA 93.914			0	740,731	740,731
HIV Care Formula Grants	93.917		19,453,986	69,618,731	89,072,717
<i>Pass-Through from Resource Group</i>		12a UTVOOSS		19,651	19,651
<i>Pass-Through from Resource Group</i>		13AUTV00PTB		215,844	215,844
<i>Pass-Through from Resource Group</i>		13UTV00PTB		35,350	35,350
<i>Pass-Through from Resource Group</i>		13UTVOOPTBSUPP		41,495	41,495
<i>Pass-Through from Resource Group</i>		14UTV00PTB		95,450	95,450
<i>Pass-Through from Starcare Specialty Health System</i>		2012-040787/2013-042074		241,994	241,994
<i>Pass-Through from University Health System</i>		1200094-LS Part B-SD		2,435	2,435
<i>Pass-Through from University Health System</i>		BULLOCK/UHS/RYA NWHIT		58,247	58,247
Total - CFDA 93.917			19,453,986	70,329,197	89,783,183
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918				
<i>Pass-Through from Resource Group</i>		13UTP00RWC		14,625	14,625
<i>Pass-Through from Resource Group</i>		13UTV00RWC		62,939	62,939
<i>Pass-Through from Resource Group</i>		67565		18,055	18,055
Total - CFDA 93.918			0	95,619	95,619
Ryan White HIV/AIDS Dental Reimbursement and Community Based Dental Partnership Grants	93.924			17,979	17,979
Special Projects of National Significance	93.928		211,876	184,067	395,943
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938			170,986	170,986
HIV Prevention Activities Non-Governmental Organization Based	93.939			499,614	499,614
HIV Prevention Activities Health Department Based	93.940		10,385,776	5,412,484	15,798,260
<i>Pass-Through from City of Houston Health and Human Services</i>		C13-001-16		38,310	38,310
Total - CFDA 93.940			10,385,776	5,450,794	15,836,570
HIV Demonstration, Research, Public and Professional Education Projects	93.941		103,743	855,764	959,507
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944		658,766	2,791,586	3,450,352

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Health and Human Services (continued)					
Assistance Programs for Chronic Disease Prevention and Control	93.945			69,872	69,872
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946			123,448	123,448
Tuberculosis Demonstration, Research, Public and Professional Education	93.947			656,098	656,098
Block Grants for Community Mental Health Services	93.958		25,366,016	8,587,163	33,953,179
Block Grants for Prevention and Treatment of Substance Abuse	93.959		93,233,313	22,797,433	116,030,746
PPHF-2012 Geriatric Education Centers	93.969		196,638	1,122,135	1,318,773
<i>Pass-Through from Baylor</i>		6D31HP088821-03-01		20,021	20,021
<i>Pass-Through from Baylor College of Medicine</i>		1UB4HP19052-01		23,858	23,858
<i>Pass-Through from Baylor College of Medicine</i>		5UB4HP19052-03		24,886	24,886
<i>Pass-Through from Baylor College of Medicine</i>		741613878		17,764	17,764
<i>Pass-Through from Baylor College of Medicine</i>		IUB4 HP19052-01		18,821	18,821
<i>Pass-Through from Baylor College of Medicine</i>		PO #5600688478		24,899	24,899
Total - CFDA 93.969			196,638	1,252,384	1,449,022
Preventive Health Services Sexually Transmitted Diseases Control Grants	93.977		4,648,694	1,989,991	6,638,685
Mental Health Disaster Assistance and Emergency Mental	93.982		137,964	31,260	169,224
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988		127,660	508,047	635,707
International Research and Research Training	93.989		32,750	239,156	271,906
Preventive Health and Health Services Block Grant	93.991		2,468,853	232,727	2,701,580
Maternal and Child Health Services Block Grant to the States	93.994		8,661,305	26,642,974	35,304,279
Bioterrorism Training and Curriculum Development Program	93.996				
<i>Pass-Through from City of Houston Health and Human Services</i>		CCU 622445-01		164	164
Total - U.S. Department of Health and Human Services			556,716,164	2,372,163,093	2,928,879,257
Corporation for National and Community Service					
Corporation for National and Community Service	94.XXX	CCF2012-2013		4,078	4,078
Retired and Senior Volunteer Program	94.002			103,916	103,916
<i>Pass-Through from Corporation for National and Community Service</i>		11RZWTX009		13,715	13,715
Total - CFDA 94.002			0	117,631	117,631
Learn and Serve America Higher Education	94.005				
<i>Pass-Through from Duke University Press</i>		11-CNCS-1044		9,442	9,442
AmeriCorps	94.006			313,494	313,494
<i>Pass-Through from Americorps</i>		06AFHTX0010063	76,881	311,052	387,933
<i>Pass-Through from One - Star National Service Commission</i>		06AFHTX0010056		8,771	8,771
<i>Pass-Through from One Star Foundation</i>		06AFHTX0010062		(57)	(57)

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
Corporation for National and Community Service (continued)					
<i>Pass-Through from Service for Peace, Inc.</i>		204121		1,000	1,000
Total - CFDA 94.006			76,881	634,260	711,141
Total - Corporation for National and Community Service			76,881	765,411	842,292
Executive Office of the President					
High Intensity Drug Trafficking Areas Program <i>Pass-Through from Lone Star Legal Aid</i>	95.001	S3600001		1,106,766	1,106,766
				1,260,907	1,260,907
Total - CFDA 95.001			0	2,367,673	2,367,673
Total - Executive Office of the President			0	2,367,673	2,367,673
Social Security Administration					
Social Security Administration	96.XXX	5500-12-60060 SS00-08-60062 SS06-12-52004		166,806	166,806
				940,205	940,205
				37,105	37,105
Total - CFDA 96.XXX			0	1,144,116	1,144,116
Social Security Research and Demonstration	96.007			123,462	123,462
Total - Social Security Administration			0	1,267,578	1,267,578
U.S. Department of Homeland Security					
U.S. Department of Homeland Security	97.XXX	HSBP1011P00943		264	264
State and Local Homeland Security National Training Program	97.005		235,882	16,544,314	16,780,196
Non-Profit Security Program <i>Pass-Through from New York/New Jersey Port Authority</i>	97.008	001794205	524,654	5,382	530,036
				1,263,350	1,263,350
Total - CFDA 97.008			524,654	1,268,732	1,793,386
Boating Safety Financial Assistance	97.012			3,670,319	3,670,319
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023			431,173	431,173
National Urban Search and Rescue Response System	97.025			1,273,862	1,273,862
Flood Mitigation Assistance	97.029		2,422,201	60,388	2,482,589
Disaster Grants - Public Assistance (Presidentially Declared Disasters) <i>Pass-Through from City of Galveston Park Board of Trustees</i>	97.036	13-213-000-7368	42,216,407	97,807,032	140,023,439
				235,087	235,087
Total - CFDA 97.036			42,216,407	98,042,119	140,258,526
Hazard Mitigation Grant	97.039		25,405,836	4,365,500	29,771,336
National Dam Safety Program	97.041			441,384	441,384
Emergency Management Performance Grants	97.042		5,847,170	12,560,094	18,407,264
State Fire Training Systems Grants	97.043			24,035	24,035
Assistance to Firefighters Grant <i>Pass-Through from City of Austin</i>	97.044	UTA13-000577		35,015	35,015

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U.S. Department of Homeland Security (continued)					
Cooperating Technical Partners	97.045		224,560	30,210	254,770
Fire Management Assistance Grant	97.046		9,040,109	50,540,889	59,580,998
Pre-Disaster Mitigation	97.047		1,404,313	6,205	1,410,518
Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	97.050			378,108	378,108
Emergency Operations Centers	97.052		1,495,076	13,340	1,508,416
Interoperable Emergency Communications	97.055		496,166	299,073	795,239
Port Security Grant Program	97.056			38,133	38,133
<i>Pass-Through from City of Minneapolis</i>		824665335		13,933	13,933
Total - CFDA 97.056			0	52,066	52,066
Centers for Homeland Security	97.061			148,413	148,413
<i>Pass-Through from Jackson State University</i>		2008-ST-061-ND0002-06		102,826	102,826
Total - CFDA 97.061			0	251,239	251,239
Scientific Leadership Awards	97.062			128,073	128,073
Homeland Security Grant Program	97.067		142,124,386	8,321,289	150,445,675
State Homeland Security Program (SHSP)	97.073			(143,424)	(143,424)
Rail and Transit Security Grant Program	97.075		1,127,816	8,854	1,136,670
Buffer Zone Protection Program (BZPP)	97.078		1,974,040	74,678	2,048,718
Disaster Assistance Projects	97.088		(203,945)		(203,945)
Driver's License Security Grant Program	97.089			1,759,021	1,759,021
<i>Pass-Through from Systems Research and Applications Corporation</i>		S360000171		651	651
Total - CFDA 97.089			0	1,759,672	1,759,672
Homeland Security Biowatch Program	97.091			2,792,743	2,792,743
Repetitive Flood Claims	97.092			6,422	6,422
National Incident Management System (NIMS)	97.107			10,505	10,505
Severe Repetitive Loss Program	97.110		8,036,234	217,777	8,254,011
Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111		2,150,192	206,872	2,357,064
Border Interoperability Demonstration Project	97.120		1,568,746	13,611	1,582,357
Total - U.S. Department of Homeland Security			246,089,843	203,685,401	449,775,244
U. S. Agency for International Development					
U. S. Agency for International Development	98.XXX	26-3908-7561UT		17,039	17,039
USAID Foreign Assistance for Programs Overseas	98.001			129,139	129,139
<i>Pass-Through from International Executive Service Corps</i>		SUB #11287		62,412	62,412
<i>Pass-Through from University of Illinois - Champaign - Urbana</i>		2010-07200-13			
Total - CFDA 98.001			0	191,551	191,551

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
U. S. Agency for International Development (continued)					
USAID Development Partnerships for University Cooperation and Development	98.012				
<i>Pass-Through from American Council on Education</i>		HED0659722CAR11-01	73,677	219,635	293,312
<i>Pass-Through from American Council on Education</i>		HED0659722CAR13-02	24,856	187,457	212,313
Total - CFDA 98.012			98,533	407,092	505,625
Total - U. S. Agency for International Development			98,533	615,682	714,215
Miscellaneous					
Miscellaneous	99.XXX				
<i>Pass-Through from Waste Management Technologies</i>		2012-0260		16,917	16,917
Total - CFDA 99.XXX			0	16,917	16,917
Total - Miscellaneous			0	16,917	16,917
Total Non-Clustered Programs			2,334,260,603	8,188,922,499	10,523,183,102
RESEARCH AND DEVELOPMENT CLUSTER					
U.S. Department of Agriculture					
U.S. Department of Agriculture	10.XXX				
		11 CR 11221632 005		1,316	1,316
		2011 11		(32)	(32)
<i>Pass-Through from Cree, Inc.</i>		11 005 911NF 10 20038		61,753	61,753
<i>Pass-Through from Kai, LLC</i>		UTA12-000380		159	159
<i>Pass-Through from University of Baltimore</i>		USDA-TX; UTA10-000551		34,083	34,083
Total - CFDA 10.XXX			0	97,279	97,279
Agricultural Research Basic and Applied Research	10.001			3,171,839	3,171,839
<i>Pass-Through from The National Mango Board</i>		121012 OBJECTIVE 1		52,207	52,207
<i>Pass-Through from The National Mango Board</i>		121012 OBJECTIVE 2		62,889	62,889
<i>Pass-Through from The National Mango Board</i>		504143		41,690	41,690
<i>Pass-Through from The National Mango Board</i>		570727	(3,683)		(3,683)
<i>Pass-Through from Utah State University</i>		58-3148-2-033		30,791	30,791
Total - CFDA 10.001			(3,683)	3,359,416	3,355,733
Plant and Animal Disease, Pest Control, and Animal Care	10.025			20,000	1,778,087
<i>Pass-Through from Texas Citrus Mutual</i>		12-0802		60,826	60,826
Total - CFDA 10.025			20,000	1,818,913	1,838,913
Wetlands Reserve Program	10.072			116,429	116,429
<i>Pass-Through from Dewberry and Davis, LLC</i>		8000001736		23,634	23,634
<i>Pass-Through from Dewberry and Davis, LLC</i>		8000001831		818,079	818,079
Total - CFDA 10.072			0	958,142	958,142
Federal-State Marketing Improvement Program	10.156			50,100	50,100
<i>Pass-Through from Michigan State University</i>		RC100885TAMU		76	76
Total - CFDA 10.156			0	50,176	50,176

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Agriculture (continued)					
Transportation Services	10.167			13,584	13,584
Specialty Crop Block Grant Program - Farm Bill	10.170			592,316	592,316
Grants for Agricultural Research, Special Research Grants	10.200		207,210	2,341,917	2,549,127
<i>Pass-Through from Colorado State University</i>		G-1473-1		27,532	27,532
<i>Pass-Through from Colorado State University</i>		G-1496-1		55,475	55,475
<i>Pass-Through from Cornell University</i>		61331-9813		40,237	40,237
<i>Pass-Through from Iowa State University</i>		PO# IL 82326 00		(4,212)	(4,212)
<i>Pass-Through from Louisiana State University</i>		45908/2009-34103-20018		431	431
<i>Pass-Through from New Mexico State University</i>		Q01508		17,448	17,448
<i>Pass-Through from Oceanic Institute</i>		USMSFP2009-19851-TALR		(144)	(144)
<i>Pass-Through from Oklahoma State University</i>		AC-5-81870.TAMUS		17,596	17,596
<i>Pass-Through from University of California - Davis</i>		SUB08-003512-TAMU		10,171	10,171
<i>Pass-Through from University of Florida</i>		1200139943		323	323
<i>Pass-Through from University of Florida</i>		1200139964		52,111	52,111
<i>Pass-Through from University of Florida - Gainesville</i>		1300218357		41,807	41,807
<i>Pass-Through from University of Florida - Gainesville</i>		PO#1300213377		9,995	9,995
<i>Pass-Through from University of Florida - Gainesville</i>		PO#1300213392		8,005	8,005
<i>Pass-Through from University of Florida - Gainesville</i>		PO#1300213396		5,300	5,300
Total - CFDA 10.200			207,210	2,623,992	2,831,202
Cooperative Forestry Research	10.202			964,694	964,694
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203			7,711,016	7,711,016
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205			4,525,054	4,525,054
Grants for Agricultural Research Competitive Research Grants	10.206		11,557	255,634	267,191
<i>Pass-Through from Michigan State University</i>		SUB RC10133211		140,870	140,870
<i>Pass-Through from University of Massachusetts</i>		2008-35201-302			
		09-005358 A 00		26,882	26,882
		PRIME:2009-35319-05186			
Total - CFDA 10.206			11,557	423,386	434,943
Animal Health and Disease Research	10.207			231,824	231,824
Small Business Innovation Research	10.212				
<i>Pass-Through from Alpha Scents, Inc.</i>		10-0107		8,584	8,584
Sustainable Agriculture Research and Education	10.215			3,162	3,162
<i>Pass-Through from University of Georgia</i>		RD309-109/4892156		4,608	4,608
<i>Pass-Through from University of Georgia</i>		RD309-109/4892126		5,613	5,613
<i>Pass-Through from University of Georgia</i>		RD309-117/4893596		19,615	19,615
<i>Pass-Through from University of Georgia</i>		RD309-117/4940426		8,235	8,235
<i>Pass-Through from University of Georgia</i>		RD309-122/4940016	3,667	18,307	21,974
<i>Pass-Through from University of Georgia Research Foundation, Inc.</i>		RD309 109 4786276	11,077	51,773	62,850
<i>Pass-Through from University of Georgia Research Foundation, Inc.</i>		RD309-122/4940056		102,092	102,092
Total - CFDA 10.215			14,744	213,405	228,149
1890 Institution Capacity Building Grants	10.216			405,161	405,161
<i>Pass-Through from South Carolina State University</i>		Agmt 10-576004		54,041	54,041
<i>Pass-Through from Texas Southern University</i>		PO# P122095 /SUS-		2,621	2,621

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Agriculture (continued)					
<i>Pass-Through from Virginia State University</i>		SUAGCENTER-2009-08-0005 11212		65,101	65,101
Total - CFDA 10.216			0	526,924	526,924
Higher Education Institution Challenge Grants Program	10.217		20,345	69,936	90,281
<i>Pass-Through from Kansas State University</i>		8000001932		27,231	27,231
<i>Pass-Through from Kansas State University</i>		S13107		10,440	10,440
<i>Pass-Through from New Mexico State University</i>		Q01428 / 2009-38411-19752		26,735	26,735
<i>Pass-Through from Oklahoma State University</i>		AA-5-46243-TTU		24,524	24,524
<i>Pass-Through from University of Florida</i>		UF09185		(3)	(3)
<i>Pass-Through from University of Florida</i>		UF11255		69,803	69,803
Total - CFDA 10.217			20,345	228,666	249,011
Biotechnology Risk Assessment Research	10.219			(233)	(233)
Hispanic Serving Institutions Education Grants	10.223		638,856	2,279,773	2,918,629
<i>Pass-Through from Houston Community College System</i>		2011-38422-30953		23,278	23,278
<i>Pass-Through from University of Puerto Rico</i>		2008-38422-19211		(141)	(141)
Total - CFDA 10.223			638,856	2,302,910	2,941,766
Community Food Projects	10.225			88,752	88,752
Agricultural and Rural Economic Research, Cooperative Agreements and Collaborations	10.250			5,424	5,424
Food Assistance and Nutrition Research Programs (FANRP)	10.253			2,907	2,907
<i>Pass-Through from Cornell University</i>		62140-10080		4,419	4,419
Total - CFDA 10.253			0	7,326	7,326
Consumer Data and Information Program	10.256			541	541
Agricultural Market and Economic Research	10.290			133,349	133,349
Integrated Programs	10.303		86,689	276,622	363,311
<i>Pass-Through from Cornell University</i>		2008 51110 04688		3	3
<i>Pass-Through from Kansas State University</i>		2775A		17,476	17,476
<i>Pass-Through from Kansas State University</i>		S11058		262,379	262,379
<i>Pass-Through from North Carolina State University</i>		2012-2604-07		7,194	7,194
<i>Pass-Through from North Carolina State University</i>		2012-2604-13		2,467	2,467
<i>Pass-Through from University of Arkansas</i>		UA AES 91072-02		37,063	37,063
<i>Pass-Through from University of California - Riverside</i>		S000459		24,141	24,141
<i>Pass-Through from University of Nebraska</i>		25-6331-0198-003		4,548	4,548
Total - CFDA 10.303			86,689	631,893	718,582
Homeland Security Agricultural	10.304			208,981	208,981
International Science and Education Grants	10.305			59,620	59,620
Specialty Crop Research Initiative	10.309		254,625	1,203,528	1,458,153
<i>Pass-Through from Brigham Young University</i>		12-0349 (PRIME: 2010-51181-20190)		22,872	22,872
<i>Pass-Through from University of Georgia</i>		RC294-317/4893286		16,884	16,884

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Agriculture (continued)					
<i>Pass-Through from Washington State University</i>		112674 G002608		34,897	34,897
Total - CFDA 10.309			254,625	1,278,181	1,532,806
Agriculture and Food Research Initiative	10.310		259,679	2,694,618	2,954,297
<i>Pass-Through from Cornell University</i>		62524-9804		153,960	153,960
<i>Pass-Through from Iowa State University</i>		416-40-96E		2,717	2,717
<i>Pass-Through from Louisiana State University</i>		2011-67009-30132/ YR.2-5		10,677	10,677
<i>Pass-Through from Michigan State University</i>		RC064853TTU		76,297	76,297
<i>Pass-Through from Montclair State University</i>		2012-67009-19742 TAR		2,126	2,126
<i>Pass-Through from Oklahoma State University</i>		2010-85212-20662		22,412	22,412
<i>Pass-Through from Oklahoma State University</i>		AC-5-81910		26,527	26,527
<i>Pass-Through from Purdue University</i>		8000053333-AG		39,830	39,830
<i>Pass-Through from Purdue University</i>		8000053334-AG		723	723
<i>Pass-Through from Southern University Agricultural Research and Extension Center</i>		SUSSUAGCENTER 2010 02 007 TTU		(10,165)	(10,165)
<i>Pass-Through from University of Florida</i>		UF 11089		64,855	64,855
<i>Pass-Through from University of Nebraska</i>		25-6239-0235-304		12,360	12,360
<i>Pass-Through from University of Nebraska - Lincoln</i>		PRIME:2012-68003- 30155			
<i>Pass-Through from University of Nebraska - Lincoln</i>		25-6268-0005-003		71,121	71,121
<i>Pass-Through from University of Nebraska - Lincoln</i>		2013-68004-20358			
<i>Pass-Through from University of Nebraska - Lincoln</i>		25-6321-0212-103		45,387	45,387
Total - CFDA 10.310			259,679	3,213,445	3,473,124
Beginning Farmer and Rancher Development Program	10.311		83,806	101,107	184,913
Biomass Research and Development Initiative Competitive Grants Program (BRDI)	10.312				
<i>Pass-Through from Ceramtec, Inc.</i>		2212013		4,884	4,884
ARRA - Trade Adjustment Assistance for Farmers Training Coordination Program (TAAF)	10.315				
<i>Pass-Through from University of Minnesota at Minneapolis</i>		H001344230		57,690	57,690
Women and Minorities in Science, Technology, Engineering, and Mathematics Fields	10.318			71,586	71,586
Sun Grant Program	10.320			12,823	12,823
<i>Pass-Through from Arkansas State University</i>		2011-51102-31125		1,704	1,704
<i>Pass-Through from Oklahoma State University</i>		AB-5-67630.TAES8 FERNANDEZ	24,352	13,074	37,426
<i>Pass-Through from Oklahoma State University</i>		AB-5-68020.TAES10 MUNSTER		25,283	25,283
<i>Pass-Through from Oklahoma State University</i>		AB-5-68020.TAES11	5,139	3,646	8,785
<i>Pass-Through from University of Oklahoma</i>		504699		515	515
<i>Pass-Through from University of Tennessee</i>		8500033504		5,037	5,037
Total - CFDA 10.320			29,491	62,082	91,573
Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA)	10.326			209,222	209,222
Value-Added Producer Grants	10.352			62,546	62,546

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Agriculture (continued)					
Crop Insurance	10.450			3,299,364	3,299,364
Partnership Agreements to Develop Non-Insurance Risk Management Tools for Producers (Farmers)	10.456		4,909		4,909
<i>Pass-Through from Grazinglands Conservation Initiative</i>		405174		12,667	12,667
<i>Pass-Through from Grazinglands Conservation Initiative</i>		405223		6,333	6,333
<i>Pass-Through from National Crop Insurance Services</i>		NO.D11PC18805/RDE R D12PD00379		29,137	29,137
Total - CFDA 10.456			4,909	48,137	53,046
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475			205,419	205,419
Food Safety Cooperative Agreements	10.479			125,361	125,361
<i>Pass-Through from Wyle Science, Technology and Engineering Group</i>		T72132		7,338	7,338
Total - CFDA 10.479			0	132,699	132,699
Cooperative Extension Service	10.500			110,999	110,999
<i>Pass-Through from New York University</i>		S2901-01/S13005 (PO UW495718)		23,058	23,058
Total - CFDA 10.500			0	134,057	134,057
Faculty Exchange Program	10.613			111,892	111,892
Forestry Research	10.652		33,804	952,201	986,005
<i>Pass-Through from University of California - Berkeley</i>		00008201		21,047	21,047
Total - CFDA 10.652			33,804	973,248	1,007,052
Cooperative Forestry Assistance	10.664			430	430
Forest Stewardship Program	10.678			747	747
Forest Health Protection	10.680			51,335	51,335
International Forestry Programs	10.684				
<i>Pass-Through from Xerces Society Invertebrate Conservation</i>		UTA11-000776		16,863	16,863
Norman E. Borlaug International Agricultural Science and Technology Fellowship	10.777			115,186	115,186
Resource Conservation and Development	10.901			64,676	64,676
Soil and Water Conservation	10.902		22,250	638,671	660,921
Soil Survey	10.903			55,262	55,262
Plant Materials for Conservation	10.905			112,057	112,057
Environmental Quality Incentives Program	10.912		47,577	94,870	142,447
<i>Pass-Through from Chesapeake Bay Foundation</i>		13-002		383	383
<i>Pass-Through from North Plains Groundwater Conservation District</i>		69-3A75-11-184		54,629	54,629
<i>Pass-Through from Rti Headquarters</i>		11-340-0210114		(1,368)	(1,368)
<i>Pass-Through from World Resources Institute</i>		0002524		78,324	78,324
<i>Pass-Through from World Resources Institute</i>		01042		24,203	24,203
Total - CFDA 10.912			47,577	251,041	298,618

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Agriculture (continued)					
Technical Agricultural Assistance	10.960		56,491	1,032,925	1,089,416
Scientific Cooperation and Research	10.961			174,470	174,470
Cochran Fellowship Program-International Training-Foreign Participant	10.962			1,036,458	1,036,458
<i>Pass-Through from University of California - Davis</i>		600165	(150,292)	65,640	(84,652)
Total - CFDA 10.962			(150,292)	1,102,098	951,806
Total - U.S. Department of Agriculture			1,638,058	41,367,254	43,005,312
U.S. Department of Commerce					
U.S. Department of Commerce	11.XXX	BCYA1323-10-00245/POCR-M		428	428
		EE-133F-13-SE-1333		3,197	3,197
		EE-133F-22-SE-1536		19,820	19,820
		FA8650-11-C-1028		55,222	55,222
		UTA06-0827		173,696	173,696
		UTA10-000046:IP1008		34,818	34,818
<i>Pass-Through from Industrial Economics, Inc.</i>		5700-TAMU-G (AB133C-11-CQ-0050)		82,820	82,820
<i>Pass-Through from Len Technologies, Inc.</i>		GS35F0575T		5,352	5,352
<i>Pass-Through from Nanoelectronics Research Corp</i>		2006-NE-1464	269,402	256,173	525,575
		UTA08-596			
<i>Pass-Through from Nanoelectronics Research Corp</i>		2006-NE-1464		(1,462)	(1,462)
<i>Pass-Through from Nanoelectronics Research Corp</i>		UTA10-432(LOA)			
		2013-NE-2400		204,847	204,847
Total - CFDA 11.XXX			269,402	834,911	1,104,313
Economic Development Support for Planning Organizations	11.302				
<i>Pass-Through from Sfwq Corp</i>		08-69-03989		4,797	4,797
Economic Development Technical Assistance	11.303			73,293	73,293
Sea Grant Support	11.417		215,522	2,266,801	2,482,323
<i>Pass-Through from Maryland Sea Grant</i>		CA12-15SA7528125-A	29,056	47,936	76,992
<i>Pass-Through from Mississippi - Alabama Sea Grant Consortium</i>		USM-GR04114-R/MG/CSP-24 (NA10OAR4170078)		65,986	65,986
<i>Pass-Through from University of Southern Mississippi</i>		USM-GRO4114-R/ESV-02	8,167	157,162	165,329
Total - CFDA 11.417			252,745	2,537,885	2,790,630
Coastal Zone Management Administration Awards	11.419		1,000	882,614	883,614
<i>Pass-Through from University of New Hampshire</i>		12-040		151,747	151,747
Total - CFDA 11.419			1,000	1,034,361	1,035,361
Coastal Zone Management Estuarine Research Reserves	11.420			715,357	715,357
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427				
<i>Pass-Through from University of Southern Mississippi</i>		USM-GR03621-A10		580	580
Climate and Atmospheric Research	11.431			143,772	143,772

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Commerce (continued)					
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432			857	857
<i>Pass-Through from Industrial Economics, Inc.</i>		Award #5700-Tamucc		511,508	511,508
<i>Pass-Through from Mississippi State University</i>		Award 191001-363411-01		6,513	6,513
Total - CFDA 11.432			0	518,878	518,878
Marine Fisheries Initiative	11.433			66,514	66,514
Environmental Sciences, Applications, Data, and Education <i>Pass-Through from University of Oklahoma</i>	11.440	2011 26		2,109	2,109
Unallied Management Projects	11.454		3,788	64,755	68,543
Habitat Conservation	11.463			41,643	41,643
<i>Pass-Through from Fish America Foundation</i>		Award FAF-11030		3,442	3,442
<i>Pass-Through from Gulf of Mexico Alliance</i>		121107-00		38,058	38,058
<i>Pass-Through from Gulf of Mexico Alliance</i>		121119-00		22,658	22,658
<i>Pass-Through from Gulf of Mexico Foundation</i>		GCRP 12-01		5,422	5,422
<i>Pass-Through from The University of Southern Mississippi</i>		NA10NMF4630087 USM-GR04125-D10		73,355	73,355
Total - CFDA 11.463			0	184,578	184,578
Meteorologic and Hydrologic Modernization Development	11.467		12,857	72,439	85,296
<i>Pass-Through from University Corporation for Atmospheric Research</i>		Z11 91820		3,884	3,884
<i>Pass-Through from University Corporation for Atmospheric Research</i>		Z12-93224		506	506
<i>Pass-Through from University Corporation for Atmospheric Research</i>		Z12-98090		2,799	2,799
Total - CFDA 11.467			12,857	79,628	92,485
Applied Meteorological Research	11.468			59,404	59,404
Congressionally Identified Awards and Projects <i>Pass-Through from Consortium for Ocean Leadership</i>	11.469	SA#13-33		22,587	22,587
Unallied Science Program	11.472			89,527	89,527
<i>Pass-Through from University of Maryland Center for Environmental Science</i>		CA12-0607-5-25680		21,121	21,121
Total - CFDA 11.472			0	110,648	110,648
Coastal Services Center	11.473			129,427	129,427
<i>Pass-Through from Florida Department of Environmental Protection</i>		WM991		5,999	5,999
<i>Pass-Through from Florida Department of Environmental Protection</i>		WQ003		23,820	23,820
Total - CFDA 11.473			0	159,246	159,246
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478		281,773	651,203	932,976
Educational Partnership Program	11.481				
<i>Pass-Through from Florida Agriculture and Mechanical University</i>		C3580 NA11SEC4810001		435,650	435,650
<i>Pass-Through from Howard University</i>		0007342-1000041898		144,803	144,803
Total - CFDA 11.481			0	580,453	580,453

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Commerce (continued)					
Public Safety Interoperable Communications Grant Program	11.555			20,000	20,000
ARRA - Broadband Technology Opportunities Program <i>Pass-Through from Mexican Institute of Greater Houston</i>	11.557	48-43-BI0572		74,554	74,554
Measurement and Engineering Research and Standards <i>Pass-Through from Missouri University of Science and Technology</i>	11.609	00031030-01	89,016	682,160 (10)	771,176 (10)
<i>Pass-Through from University of Washington</i>		8000001491		55,415	55,415
ARRA - Measurement and Engineering Research and Standards <i>Pass-Through from American Society Heat Refrig and A/C Eng, Inc.</i>		1596-TRP	157,999	45,046	45,046
<i>Pass-Through from University of California - San Diego</i>		10305701-SUB		156,369	314,368
				78,880	78,880
Total - CFDA 11.609			247,015	1,017,860	1,264,875
Manufacturing Extension Partnership	11.611		861,065	3,796,143	4,657,208
Technology Innovation Program <i>Pass-Through from Rutgers University</i>	11.616	4-31873; PO#1439899; OC#10223	125,914	330,851	456,765
				86,163	86,163
Total - CFDA 11.616			125,914	417,014	542,928
Total - U.S. Department of Commerce			2,055,559	13,170,530	15,226,089
U.S. Department of Defense					
U.S. Department of Defense	12.XXX	120480		2,627	2,627
		2009-0656812-000		234,004	234,004
		CLIN 600 OPT 3-3.14			
		2009-0656812-000		166,394	166,394
		CLIN 601 OPT 4-3.15			
		2009-0656812-000		652,391	652,391
		CLIN 602 OPT 5-3.16			
		2009-0656812-000		12,774	12,774
		CLIN 603 OPT 6-3.17			
		20100937130000		3,203	3,203
		2010-1061915-000		420,041	420,041
		CLIN 504 OTC-5000-3			
		2010-1061915-000		211,233	211,233
		CLIN 505 OTC-5000-4			
		2012-12082100001		1,078,725	1,078,725
		CLIN 100 BASE			
		2012-12082100001		14,778	14,778
		CLIN 105			
		253230		4,000	4,000
		26-3511-31-6		26,485	26,485
		2723		10,116	10,116
		58 6208 1 142		6,608	6,608
		69-000532		224,446	224,446
		8000001322	98,282		98,282
		D13PC00202		10,664	10,664
		DOD IPAA - COHN		13,769	13,769
		DOD IPAA- SCHWACHA		3,471	3,471
		FA304711P0743		9,397	9,397

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Defense (continued)					
		FA701407C0034		8	8
		FA701409C0006	12,448	96,779	109,227
		FA8601-12-P-0115		17,926	17,926
		FA8650-11-C-1028		469	469
		FA8750-10-C-0250		(16,068)	(16,068)
		FA8903-12-C-0008		86,541	86,541
		FA9550-12-C-0044		16,405	16,405
		FA9550-13-C-0004		11,991	11,991
		GOULD/NAVY IPA		1,850	1,850
		GU/IPAA/NAVY		(117)	(117)
		GU/NAVY IPA		3,592	3,592
		H98230-12-C- 0336/CLN 0001 ACN AA		69,523	69,523
		HDTRA108C0003		44	44
		HDTRA1-12-C-0007	378,207	145,460	523,667
		HQ0034-12-P-0148		32,812	32,812
		HR-0011-12-C-0066		58,759	58,759
		HR0011-12-C-0066		357,873	357,873
		HU0001091TS15	24,197	2,449	26,646
		HU0001101TS01	(757)	159,189	158,432
		N10005			
		IPA Dtd 9/21/10		16,394	16,394
		IPAA FOR DR.		31,832	31,832
		SCHWACH			
		IPAA		(2,005)	(2,005)
		N00014-06-G-0218 0042		615,952	615,952
		N00014-06-G- 0218/0043		347,696	347,696
		N00014-09-C-0187		44,276	44,276
		LOA Mallick			
		N00014-09-C-0187 P00008		103,141	103,141
		N00014-11-G0041 0008		181,510	181,510
		N00014-11-G-0041		15,070	15,070
		DO-0014 CLN 0001 ACN AA			
		N00014-11-G-0041- 0003		134,044	134,044
		N00014-11-G-0041- 0006 CLN 0001 ACN AA AB		387,600	387,600
		N00014-11-G-0041- 0012		102,000	102,000
		N00014-11-G-0041- 0013 CLN 0001 ACN AA		26,968	26,968
		N00014-11-G-0041- 0015		101,327	101,327
		N00014-12-1-0137		242,031	242,031
		N00014-12-1-0774		59,179	59,179
		N00014-12-M-0062		(233)	(233)
		DOD			

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Defense (continued)					
		N00014-13-1-0013		49,824	49,824
		N00024-07-D-6200		87,633	87,633
		IRA UTA13-000171			
		N00024-07-D- 6200/0357 CLN 0001		12,948	12,948
		ACN AA			
		N00024-07-D- 6200/0365 CLN 0001		1,036,022	1,036,022
		ACN AA AB			
		N00024-07-D- 6200/0372 CLN 0001		606,888	606,888
		ACN AA AB			
		N00024-07-D- 6200/0378 CLN 0001		75,353	75,353
		ACN AA AB			
		N00024-07-D- 6200/0383 CLN 0001		54,548	54,548
		ACN AA			
		N00024-07-D- 6200/0384 CLN 0001		112,708	112,708
		ACN AA			
		N00024-07-D- 6200/0385 CLN 0001		(141)	(141)
		ACN AA			
		N00024-07-D- 6200/0386 CLN 0001		157,035	157,035
		ACN AA			
		N00024-07-D- 6200/0387 CLN 0001		28,070	28,070
		ACN AA AB			
		N00024-07-D- 6200/0388 CLN 0001		35,999	35,999
		ACN AA			
		N00024-07-D- 6200/0389 CLN 0001		396,969	396,969
		ACN AA			
		N00024-07-D- 6200/0392 CLN 0001		6	6
		ACN AA			
		N00024-07-D- 6200/0393 CLN 0001		1,220	1,220
		ACN AA			
		N00024-07-D- 6200/0395 CLN 0001		87,723	87,723
		ACN AA			
		N00024-07-D- 6200/0396 CLN 0001		4	4
		ACN AA			
		N00024-07-D- 6200/0397 CLN 0001		1	1
		ACN AA			
		N00024-07-D- 6200/0399 CLN 0001		62,007	62,007
		ACN AA			

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Defense (continued)					
		N00024-07-D- 6200/0400 CLN 0001 ACN AA		1	1
		N00024-07-D- 6200/0403 CLN 0001 ACN AA AB		64,001	64,001
		N00024-07-D- 6200/0404 CLN 0001 ACN AA		8,399	8,399
		N00024-07-D- 6200/0405 CLN 0001 ACN AA		2	2
		N00024-07-D- 6200/0406 CLN 0001 ACN AA		26,568	26,568
		N00024-07-D- 6200/0407 CLN 0001 ACN AA		3,263	3,263
		N00024-07-D- 6200/0408 CLN 0001 ACN AA		8,994	8,994
		N00024-07-D- 6200/0409 CLN 0001 ACN AA AB		895,461	895,461
		N00024-07-D- 6200/0410 CLN 0001 ACN AA		9,034	9,034
		N00024-07-D- 6200/0413 CLN 0001 ACN AA		31,951	31,951
		N00024-07-D- 6200/0414 CLN 0001 ACN AA AB		475,487	475,487
		N00024-07-D- 6200/0415 CLN 0001 ACN AA		1,154	1,154
		N00024-07-D- 6200/0416 CLN 0001 ACN AA		967	967
		N00024-07-D- 6200/0417 CLN 0001 ACN AA		38,751	38,751
		N00024-07-D- 6200/0418 CLN 0001 ACN AA		2	2
		N00024-07-D- 6200/0419 CLN 0001 ACN AA		53,386	53,386
		N00024-07-D- 6200/0420 CLN 0001 ACN AA		18,170	18,170
		N00024-07-D- 6200/0421 CLN 0001 ACN AA		8,201	8,201

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Defense (continued)					
		N00024-07-D- 6200/0422 CLN 0001 ACN AA		1,189	1,189
		N00024-07-D- 6200/0424 CLN 0001 ACN AA		614,062	614,062
		N00024-07-D- 6200/0425 CLN 0001 ACN AA		6,084	6,084
		N00024-07-D- 6200/0426 CLN 0001 ACN AA		364,835	364,835
		N00024-07-D- 6200/0433 CLN 0001 ACN AA		431,424	431,424
		N00024-07-D- 6200/0434 CLN 0001 ACN AA AB		77,303	77,303
		N00024-07-D-6200- 0402 CLN 0001 ACN AA		2,341	2,341
		N00024-07-D-6200- 0429 CLN 0001 ACN AA AB		3,437,253	3,437,253
		N00024-07-D-6200- 0430 CLN 0001 ACN AA		22,001	22,001
		N00024-07-D-6200- 0431 CLN 0001 ACN AA		209,638	209,638
		N00024-07-D-6200- 0432-0432		15,297	15,297
		N00024-07-D-6200- 0435 CLN 0001 ACN AA AB		548,296	548,296
		N00024-07-D-6200- 0437 CLN 0001 ACN AA AB		328,190	328,190
		N00024-07-D-6200- 0438 CLN 0001 ACN AA		1,538	1,538
		N00024-07-D-6200- 0439 CLN 0001 ACN AA		199,471	199,471
		N00024-07-D-6200- 0440 CLN 0001 ACN AA		9,666	9,666
		N00024-07-D-6200- 0441 CLN 0001 ACN AA		20,822	20,822
		N00024-07-D-6200- 0442 CLN 0001 ACN AA		463,191	463,191
		N00024-07-D-6200- 0443 CLN 0001 ACN AA AB		756,062	756,062
		N00024-07-D-6200- 0444 CLN 0001 ACN AA		34,075	34,075
		N00024-07-D-6200- 0445 CLN 0001 ACN AA		25,694	25,694

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Defense (continued)					
		N00024-07-D-6200-0446 CLN 0001 ACN AA AB		695,102	695,102
		N00024-07-D-6200-0447 CLN 0001 ACN AA		40,725	40,725
		N00024-07-D-6200-0448 CLN 0001 ACN AA		670,762	670,762
		N00024-07-D-6200-0449 CLN 0001 ACN AA		318,133	318,133
		N00024-07-D-6200-0450 CLN 0001 ACN AA		477,167	477,167
		N00024-07-D-6200-0451 CLN 0001 ACN AA		85,667	85,667
		N00024-07-D-6200-0452 CLN 0001 ACN AA		69,345	69,345
		N00024-07-D-6200-0453 CLN 0001 ACN AA		118,318	118,318
		N00024-07-D-6200-0454 CLIN 0001 ACNAA		13,104	13,104
		N00024-07-D-6200-0455 CLN 0001 ACN AA		361,914	361,914
		N00024-07-D-6200-0456 CLN 0001 ACN AA AB		2,767,019	2,767,019
		N00024-07-D-6200-0457 CLN 0001 ACN AA AB		820,670	820,670
		N00024-07-D-6200-0458 CLN 0001 ACN AA		146,821	146,821
		N00024-07-D-6200-0460 CLN 0001 ACN AA		74,226	74,226
		N00024-07-D-6200-0461 CLN 0001 ACN AA AB		138,964	138,964
		N00024-07-D-6200-0462 CLN 0001 ACN AA		770,031	770,031
		N00024-07-D-6200-0463 CLN 0001 ACN AA		150,564	150,564
		N00024-07-D-6200-0464 CLN 0001 ACN AA AB		88,468	88,468
		N00024-07-D-6200-0465 CLN 0001 ACN AA AB		254,236	254,236
		N00024-07-D-6200-0466 CLN 0001 ACN AA AB		435,054	435,054
		N00024-07-D-6200-0467 CLN 0001 ACN AA		501,343	501,343
		N00024-07-D-6200-0468 CLN 0001 ACN AA		744,557	744,557
		N00024-07-D-6200-0470 CLN 0001 ACN		542,853	542,853

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Defense (continued)					
		AA AB			
		N00024-07-D-6200-0471 CLN 0001 ACN AA		69,705	69,705
		N00024-07-D-6200-0472 CLN 0001 ACN AA		23,711	23,711
		N00024-07-D-6200-0473 CLN 0001 ACN AA		408,474	408,474
		N00024-07-D-6200-0474 CLN 0001 ACN AA		27,139	27,139
		N00024-07-D-6200-0475 CLN 0001 ACN AA		70,176	70,176
		N00024-07-D-6200-0476 CLN 0001 ACN AA		261,013	261,013
		N00024-07-D-6200-0477 CLN 0001 ACN AA		363,781	363,781
		N00024-07-D-6200-0478 CLN 0003 ACN AA		404,717	404,717
		N00024-07-D-6200-0479; P-4279 CLN 0001		80,813	80,813
		N00024-07-D-6200-0480 CLN 0001 ACN AA		125,458	125,458
		N00024-07-D-6200-0481 CLN 0001 ACN AA		44,908	44,908
		N00024-07-D-6200-0482 CLN 0001 ACN AA	60,142	161,540	221,682
		N00024-07-D-6200-0483 CLN 0001 ACN AA		149,855	149,855
		N00024-07-D-6200-0484 P-4265 CLN 0001		420,268	420,268
		N00024-07-D-6200-0485 P-4266 CLN 0001		940,254	940,254
		N00024-07-D-6200-0486 CLN 0003 ACN		723,778	723,778
		AA AB			
		N00024-07-D-6200-0487 CLN 0003 ACN AA		87,046	87,046
		N00024-07-D-6200-0488; P-4276 CLN 0001		2,602,289	2,602,289
		N00024-07-D-6200-0489		824	824
		N00024-07-D-6200-0490 CLN 0001 ACN AA		99,908	99,908
		N00024-07-D-6200-0492 CLN 0001 ACN AA		10,337	10,337
		N00024-07-D-6200-0493 CLN 0001 ACN AA		83,418	83,418
		N00024-07-D-6200-0494 CLN 0001 ACN AA		275,897	275,897
		N00024-07-D-6200-0495 CLN 0003 ACN AA		228,996	228,996
		N00024-07-D-6200-0497 CLN 0003 ACN AA		82,733	82,733
		N00024-07-D-6200-		1,606,321	1,606,321

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Defense (continued)					
		0498 CLN 0001 ACN AA AB		198,780	198,780
		N00024-07-D-6200- 0499; P-4278 CLN 0001		224,715	224,715
		N00024-07-D-6200- 0500 CLN 0001 ACN AA		164,623	164,623
		N00024-07-D-6200- 0501 CLN 0001 ACN AA		664,766	664,766
		N00024-07-D-6200- 0502 CLN 0003 ACN AA		118,724	118,724
		N00024-07-D-6200- 0504 CLN 0003 ACN AA		297,172	297,172
		N00024-07-D-6200- 0505 CLN 0001 ACN AA		390	390
		N00024-07-D-6200- 0506 CLN 0001 ACN AA		227,586	227,586
		N00024-07-D-6200- 0508 CLN 0003 ACN AA AB		458,609	458,609
		N00024-07-D-6200- 0509 CLN 0003 ACN AA AB		90,204	90,204
		N00024-07-D-6200- 0510 CLN 0003 ACN AA		25,489	25,489
		N00024-07-D-6200- 0511 CLN 0003 ACN AA		95,540	95,540
		N00024-07-D-6200- 0512 CLN 0003 ACN AA		398,671	398,671
		N00024-07-D-6200- 0513 CLN 0003 ACN AA AB		430,400	430,400
		N00024-07-D-6200- 0514 CLN 0003 ACN AA AB		265,276	265,276
		N00024-07-D-6200- 0515 CLN 0003 ACN AA		430,023	430,023
		N00024-07-D-6200- 0516 CLN 0003 ACN AA		318,482	318,482
		N00024-07-D-6200- 0517 CLN 0003 ACN AA		149,510	149,510
		N00024-07-D-6200- 0518 CLN 0003 ACN AA		90,476	90,476
		N00024-07-D-6200- 0519 CLN 0003 ACN AA		29,979	29,979
		N00024-07-D-6200- 0520 CLN 0003 ACN AA		24,935	24,935
		N00024-07-D-6200- 0521 CLN 0003 ACN AA		6,443	6,443
		N00024-07-D-6200- 0522 CLN 0003 ACN AA		268,358	268,358
		N00024-07-D-6200- 0523 CLN 0003 ACN AA		70,222	70,222

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Defense (continued)					
		0524 CLN 0003 ACN AA N00024-07-D-6200- 0525 CLN 0003 ACN AA AB		193,898	193,898
		N00024-07-D-6200- 0526 CLN 0003 ACN AA		44,964	44,964
		N00024-07-D-6200- 0527 CLN 0003 ACN AA		150,215	150,215
		N00024-07-D-6200- 0530 CLN 0003 ACN AA		512,716	512,716
		N00024-07-D-6200- 0531 CLN 0003 ACN AA AB		66,468	66,468
		N00024-07-D-6200- 0532 CLN 0003 ACN AA		62,651	62,651
		N00024-07-D-6200- 0533 CLN 0003 ACN AA		58,922	58,922
		N00024-07-D-6200- 0535 CLN 0003 ACN AA		70,718	70,718
		N00024-07-D-6200- 0536 CLN 0003 ACN AA		3,145	3,145
		N00024-07-D-6200- 0540 CLN 0003 ACN AA		2,626	2,626
		N00024-07-D-6200- 0541 CLN 0003 ACN AA		47,980	47,980
		N00024-07-D-6200- 0543 CLN 0003 ACN AA AB		142,716	142,716
		N00024-07-D-6200- 0545 CLN 0003 ACN AA AB		508,535	508,535
		N00024-07-D-6200- 0548 CLN 0003 ACN AA		25,222	25,222
		N00024-07-D-6200- 0550 CLN 0003 ACN AA		6,711	6,711
		N00024-07-D-6200- 0552 CLN 0003 ACN AA		20,472	20,472
		N00024-07-D-6200- 0553 CLN 0003 ACN AA		74,384	74,384
		N00024-07-D-6200- 0558 CLN 0003 ACN AA		60,745	60,745
		N00024-07-D-6200- 0559 CLN 0003 ACN AA		121,094	121,094
		N00024-07-D-6200- 0560 CLN 0003 ACN AA		29,398	29,398
		N00024-07-D-6200- 0561 CLN 0003 ACN AA		1,280	1,280
		N00024-07-D-6200- 0562 CLN 0003 ACN AA		220,941	220,941
		N00024-07-D-6200- 0563 CLN 0003 ACN AA		72,807	72,807
		N00024-07-D-6200- 0565 CLN 0003 ACN AA		79,149	79,149

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Defense (continued)					
		N00024-07-D-6200-0566 CLN 0003 ACN AA		44,460	44,460
		N00024-07-D-6200-0568 CLN 0003 ACN AA		11,549	11,549
		N00024-07-D-6200-0573 CLN 0003 ACN AA		47,305	47,305
		N00024-07-D-6200-0575 CLN 0003 ACN AA		11,697	11,697
		N00024-07-D-6200-0578 CLN 0003 ACN AA		55,529	55,529
		N3946712GOIPA04		56,381	56,381
		N3946712GOIPA11		78,274	78,274
		N3946712GOIPA18		50,794	50,794
		N3946712GOIPA20		7,733	7,733
		N3946712GOIPA22		115,045	115,045
		N3946712GOIPA23		43,972	43,972
		N3946712GOIPA24		60,688	60,688
		N3946712GOIPA25		63,141	63,141
		N41756-13-C-3006	13,558	179,601	193,159
		N66001-10-C-2014		8,067	8,067
		N69450-10-M-4898		3,050	3,050
		NAVY IPA/CHU		4,412	4,412
		NAVY IPA-HEILBRUN		5,330	5,330
		NNX12AI23G		77,203	77,203
		ONR		11,904	11,904
		ONR IPA/LEE		2,008	2,008
		ONR IPA/MILLER		3,373	3,373
		ONR IPA/PALMER		1,602	1,602
		ONR/IPAA/QIANG		3,523	3,523
		OTD-103748		47,867	47,867
		S-1695-01/0009234A		6,826	6,826
		UTA12-000254		161,899	161,899
		SAWYER			
		UTA12-000271 (GEORGIU)		387,213	387,213
		UTA12-540		23,008	23,008
		UTA13-000129 Ellington		65,769	65,769
		UTA13-000671		56,687	56,687
		W5J9CQ-12-C-0043		198,754	198,754
		W81XWH-09-P-0206 P00005		6,242	6,242
		W81XWH-09-P-0206 P00007		43,465	43,465
		W81XWH-10-P-0100 P00003		12,490	12,490
		W81XWH-10-P0122		15,294	15,294
		W81XWH-11-2-0137		79,394	79,394
		W81XWH-12-C-0149		23,511	23,511
		W81XWH-12-P-0477		19,826	19,826
		W81XWH-13-P-0075		14,275	14,275
		W9113M 05C 0		(3)	(3)
		W9115U-10-C-0002		2,784,459	2,784,459

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Defense (continued)					
		W911NF 10 2 0018		208,189	208,189
		W911NF-11-1-0282		6,850	6,850
		W911QX-07-D-0002 0011		19,466	19,466
		W911QX-07-D-0002- 0011 04		79,738	79,738
		W911QX-07-D-0002- 0011 05		274	274
		W911QY-10-C-0197		201,638	201,638
		W911SD-12-P-0263		33,058	33,058
		W911SG-12-P-0087		33,730	33,730
		W9126G-09-P-0315		684	684
		W9128G-09-P-0312		46,911	46,911
		W912HQ-10-C-0056		400	400
		W912HQ-11-C-0035	246,501	145,054	391,555
		W912HZ 11 P 0289		1,955	1,955
		W912HZ-10-C-0031	4,638	108,317	112,955
		W912HZ-10-C-0031 P00005	100,000	119,757	219,757
		W912HZ-11-C-0054		118,479	118,479
		W912HZ-12-2-0007		21,625	21,625
		W912HZ-12-P-0179		28,845	28,845
		W912HZ-12-P-0218		34,992	34,992
<i>Pass-Through from 21st Century Technologies</i>		TCT-010-003		4,209	4,209
<i>Pass-Through from Academy of Applied Science</i>		13-39		2,172	2,172
<i>Pass-Through from Academy of Applied Science</i>		W911NF-04-1-0226		1,065	1,065
<i>Pass-Through from Aegis Technologies Group, Inc.</i>		117-FCATA-UNTX- 0010		20,000	20,000
<i>Pass-Through from Aegis Technologies Group, Inc.</i>		62-STTR-UTXA-0098; PO-110041		41,010	41,010
<i>Pass-Through from Alion Science and Technology</i>		SUB1122421DP		135,971	135,971
<i>Pass-Through from Analytic Services, Inc.</i>		S-12-68-TEXA,TK 1- HQ0034-09-A-3017		72,250	72,250
<i>Pass-Through from Applied Research Associates, Inc.</i>		N41756-12-C-4721, PO12-00328		828,236	828,236
<i>Pass-Through from Arc Technology</i>		W900KK-12-C-0037		49,500	49,500
<i>Pass-Through from Arc Technology</i>		W9113M 06 C 0194		(417)	(417)
<i>Pass-Through from Argonne National Laboratory</i>		2F-32641		55,316	55,316
<i>Pass-Through from Azmark Aero Systems</i>		PO 44500		135,767	135,767
<i>Pass-Through from Bailey Tooling and Mfg.</i>		HDTRA1-12-P-0015		39,498	39,498
<i>Pass-Through from Battelle Memorial Institute</i>		PO US001 0000287704		77,670	77,670
<i>Pass-Through from Battelle Memorial Institute</i>		US001-0000291711		51,894	51,894
<i>Pass-Through from Baylor College of Medicine</i>		W81XWH-08-2-0149		27,149	27,149
<i>Pass-Through from Clarkson Aerospace Corporation</i>		UTEF-12-S567-018-02-C2		83,156	83,156
<i>Pass-Through from Cobham Sensor Systems</i>		FA8650-11-C-7186		114,363	114,363
<i>Pass-Through from Cobham Sensor Systems</i>		PO 3067		265,370	265,370
<i>Pass-Through from Coherent Navigation, Inc.</i>		CN-STTR-12-001		73,045	73,045
<i>Pass-Through from Concurrent Technologies</i>		111000037 N00178- 05-D-4255/FG01		33,061	33,061
<i>Pass-Through from Creare, Inc.</i>		62637; FA8650-11-M- 3144		(12)	(12)
<i>Pass-Through from Creare, Inc.</i>		67868		78,086	78,086
<i>Pass-Through from Denco, Inc.</i>		445899		122,504	122,504
<i>Pass-Through from Eagle Applied Sciences</i>		FA7014-08-C-0047		8,617	8,617

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Defense (continued)					
<i>Pass-Through from Emergent Space Technologies, Inc.</i>		UTA12-000756		36,166	36,166
<i>Pass-Through from Entegriion, Inc.</i>		N00014-10-C-0333- UT MRF		166,232	166,232
<i>Pass-Through from Fabrico Technology</i>		UTA12-000130		(166)	(166)
<i>Pass-Through from Florida State University</i>		R00905; LOA		425,014	425,014
<i>Pass-Through from General Dynamics</i>		08ESM580648		99,164	99,164
<i>Pass-Through from General Dynamics</i>		FA8650-11-D- 5702/0004;LAMPS LOA 01 BENO		96,091	96,091
<i>Pass-Through from Geneva Foundation</i>		S-1172-01		879	879
<i>Pass-Through from Geneva Foundation</i>		S-1245-01		5,473	5,473
<i>Pass-Through from Geneva Foundation</i>		S-1262-01		11,334	11,334
<i>Pass-Through from Geneva Foundation</i>		S-2006-TSNRP-03 1		30,611	30,611
<i>Pass-Through from Geneva Foundation</i>		V-1171-01		1,588	1,588
<i>Pass-Through from Government of Israel - Ministry of Defense</i>		PO 4440192556		58,992	58,992
<i>Pass-Through from Henry M. Jackson Foundation</i>		PO769758 (PRIME- HU0001-05-D- 0005/DO42)		2,625	2,625
<i>Pass-Through from High Performance Technologies, Inc.</i>		#002		1,615	1,615
<i>Pass-Through from High Performance Technologies, Inc.</i>		10-12-273		(40)	(40)
<i>Pass-Through from High Performance Technologies, Inc.</i>		HPTI-PETTT- UTAUSTIN TO4 BY010-016SP		(636)	(636)
<i>Pass-Through from High Performance Technologies, Inc.</i>		HPTI-PETTT- UTAUSTIN TO5; PO 277		110,196	110,196
<i>Pass-Through from High Performance Technologies, Inc.</i>		HPTi-PETTT- UTAUSTIN TO6		1,349	1,349
<i>Pass-Through from Homeland Protection Institute, Ltd.</i>		CDSR-09-0001 HPI- 09-SC-0001 TA		35,926	35,926
<i>Pass-Through from Homeland Protection Institute, Ltd.</i>		HPI-09-SC-0001		12,375	12,375
<i>Pass-Through from Horstman, Inc.</i>		UTA12-000711		117,170	117,170
<i>Pass-Through from HRL Laboratories, LLC</i>		10058-002351		75,346	75,346
<i>Pass-Through from HRL Laboratories, LLC</i>		12081-300654-DS SWA LTR DTD 3-18-13		241,772	241,772
<i>Pass-Through from HRL Laboratories, LLC</i>		ICARUS 10043- 002941		197,493	197,493
<i>Pass-Through from Institute of International Education</i>		NSEP-U631033-UT- HIN		6,929	6,929
<i>Pass-Through from Institute of International Education</i>		NSEP-U631063-UT- ARA-A		47,213	47,213
<i>Pass-Through from Institute of International Education</i>		NSEP-U631063-UT- ARA-R12-P		4,828	4,828
<i>Pass-Through from Institute of International Education</i>		NSEP-U631063-UT- HIN-A		16,708	16,708
<i>Pass-Through from Institute of International Education</i>		NSEP-U631073-UT- HIN-D		382,056	382,056
<i>Pass-Through from International Business Machines Corp</i>		W0853811; 5004000798		4,650	4,650
<i>Pass-Through from Jacobs Technology, Inc.</i>		UTA12-000390		(1,717)	(1,717)
<i>Pass-Through from Johns Hopkins University</i>		N66001-12-C-4020		55,058	55,058
<i>Pass-Through from Johns Hopkins University Applied Physics Lab</i>		106906 PRM HM0177- 12-C-0006		37,223	37,223
<i>Pass-Through from Johns Hopkins University Applied Physics Lab</i>		115773 PRM HM0177- 12-C-0006		2,014	2,014

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Defense (continued)					
<i>Pass-Through from Kitware, Inc.</i>		HR0011-08-C-0135- S3;PHASE II		1,918	1,918
<i>Pass-Through from Knowledge Based Systems, Inc.</i>		5351.200-UTA-2012-5		26,986	26,986
<i>Pass-Through from L3 Communications</i>		PO-JN42938 PRIME: FA862011G4026		4,952	4,952
<i>Pass-Through from Lockheed Martin Aeronautics</i>		PO 4100706880		705,593	705,593
<i>Pass-Through from Massachusetts Institute of Technology</i>		5710002700		(3,923)	(3,923)
<i>Pass-Through from Massachusetts Institute of Technology</i>		7000209254		61,846	61,846
<i>Pass-Through from Materials Technology Corp.</i>		001-111215-1105 PO		4,056	4,056
<i>Pass-Through from Nano Release Technologies, LLC</i>		021512		116	116
<i>Pass-Through from Nanohmics, Inc.</i>		UTA12-000822		20,000	20,000
<i>Pass-Through from Northrop Grumman Corporation</i>		8200170705 UTA12- 001161		45,944	45,944
<i>Pass-Through from Northrop Grumman Information Technology</i>		FA8650-05-D-6930		53,173	53,173
<i>Pass-Through from Nvidia Corp</i>		UTA10-000819; PO54128837		(220)	(220)
<i>Pass-Through from Ohio Aerospace Institute</i>		FA8650-09-2-7929		3,143	3,143
<i>Pass-Through from Ohio State University</i>		60036907; PO# RF01295891		67,794	67,794
<i>Pass-Through from Omega Optics</i>		II-1009		14,843	14,843
<i>Pass-Through from Omega Optics</i>		UTA11-000981		58,010	58,010
<i>Pass-Through from Omega Optics</i>		UTA11-000982		60,889	60,889
<i>Pass-Through from Omega Optics</i>		UTA12-000370; FA9550-12-C-0052		(8)	(8)
<i>Pass-Through from Omega Optics</i>		UTA12-000706		108,223	108,223
<i>Pass-Through from Omega Optics</i>		UTA12-000707		113,711	113,711
<i>Pass-Through from Omega Optics</i>		UTA12-000708		14,999	14,999
<i>Pass-Through from Omitron, Inc.</i>		UTA11-001070		(142)	(142)
<i>Pass-Through from Omitron, Inc.</i>		UTA12-001216		97,074	97,074
<i>Pass-Through from Palo Alto Research Center</i>		S12-08-PARC; LTR OF INTNT DTD 08-29- 2012		106,403	106,403
<i>Pass-Through from Penn State University</i>		S12-08-UTEXAS		155,291	155,291
<i>Pass-Through from Photodigm</i>		HQ0147-12-C-7126		43,900	43,900
<i>Pass-Through from PPG Industries, Inc.</i>		201202274-001		56,826	56,826
<i>Pass-Through from Pratt and Whitney</i>		27108 AMD 8		126,913	126,913
<i>Pass-Through from Rand Corporation</i>		9920130096		2,422	2,422
<i>Pass-Through from Raytheon Corporation</i>		14026 (N41756-11-C-3878)		83,055	83,055
<i>Pass-Through from Re 2</i>		12-012-0298-DRC- UTARI		80,117	80,117
<i>Pass-Through from Sandia National Laboratories</i>		1233924		209,697	209,697
<i>Pass-Through from Sandia National Laboratory</i>		PO 1189481		368,094	368,094
<i>Pass-Through from Scientific Forming Technologies Corp</i>		UTA12-000953		23,146	23,146
<i>Pass-Through from Select Engineering Services</i>		UTA13-000782		30,751	30,751
<i>Pass-Through from Semerane, Inc.</i>		FA9550-13-C-0011		8,249	8,249
<i>Pass-Through from Spectral Energies, LLC</i>		SB1201-001-1		187,194	187,194
<i>Pass-Through from Stanford University</i>		23282210-43822-A		157,149	157,149
<i>Pass-Through from Tasc, Inc.</i>		ORE;SS-SC-09-05 TO3 BIF-L		16,640	16,640
<i>Pass-Through from Tasc, Inc.</i>		PO 0003619 FA8650- 08-D-6930		39,402	39,402
<i>Pass-Through from Texas High Energy Materials</i>		UTA12-001213 SWA		113,302	113,302
<i>Pass-Through from Texas Research Institute</i>		F7205-300-03		4,398	4,398
<i>Pass-Through from Texas Research Institute, Inc. Austin</i>		F7205-300-02-12-SC1515		113,943	113,943

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Defense (continued)					
<i>Pass-Through from Texas Research Institute, Inc. Austin</i>		F7303-13-SC1533		28,494	28,494
<i>Pass-Through from Ues Corp</i>		S-875-060-008		13,194	13,194
<i>Pass-Through from Ues, Incorporated</i>		S-875-060-023		105,762	105,762
<i>Pass-Through from UNCF Special Programs Corp</i>		UNCFSP		91,580	91,580
<i>Pass-Through from Universal Technology Corporation</i>		13-S2604-04-C3		11,496	11,496
<i>Pass-Through from Universal Technology Corporation</i>		FA8650-10D-3037		88,897	88,897
		12-S2603-04-C23			
<i>Pass-Through from University of Colorado - Boulder</i>		CU-31539/PO		11,456	11,456
		1000182176			
<i>Pass-Through from University of Maryland - College Park</i>		Z903704 H98230-07-		22,315	22,315
		D-0175			
<i>Pass-Through from University of Maryland - College Park</i>		Z911501		13,739	13,739
<i>Pass-Through from University of Maryland - College Park</i>		Z914402 H98230-07-		39,954	39,954
		D-0175			
<i>Pass-Through from University of Mississippi</i>		(P-R375) UM 13-05-031		58,307	58,307
<i>Pass-Through from University of New Mexico</i>		023203-874F		1,293	1,293
<i>Pass-Through from University of Notre Dame</i>		202092-UTA		76,454	76,454
<i>Pass-Through from Verticle Lift Consortium</i>		W911W6-05-2-0003/ P00034		218,417	218,417
<i>Pass-Through from Weston Solutions, Inc.</i>		PO 0071456		8,255	8,255
<i>Pass-Through from Weston Solutions, Inc.</i>		PO 0081323		67,727	67,727
<i>Pass-Through from Xtreme Alternative Defense Systems Ltd</i>		M67854-12-C-6558		276,937	276,937
<i>Pass-Through from Yale University</i>		C11K11057		94,001	94,001
Total - CFDA 12.XXX			937,216	61,158,703	62,095,919
Procurement Technical Assistance For Business Firms	12.002			954,047	954,047
Aquatic Plant Control	12.100		4,321	129,147	133,468
<i>Pass-Through from City of Lewisville</i>		FY03-02		71,680	71,680
Total - CFDA 12.100			4,321	200,827	205,148
Flood Control Projects	12.106			2,954	2,954
Navigation Projects	12.107			(63)	(63)
Collaborative Research and Development	12.114			1,018,099	1,018,099
<i>Pass-Through from Opto - Knowledge Systems, Inc.</i>		W15QKN-10-C-0113		3,180	3,180
Total - CFDA 12.114			0	1,021,279	1,021,279
ARRA - North Dakota Environmental Infrastructure (Section 594) - ARRA	12.118			(169)	(169)
Basic and Applied Scientific Research	12.300		1,388,360	43,687,082	45,075,442
<i>Pass-Through from Ada Technologies, Inc.</i>		Agmt 11-0322S		(2,982)	(2,982)
<i>Pass-Through from Arcos, Inc.</i>		N0001412C0322		167,658	167,658
<i>Pass-Through from Boston University</i>		4500000045 (FORMERLY GC208303NGE)		56,704	56,704
<i>Pass-Through from Chemtor, L.P.</i>		8000001970		18,242	18,242
<i>Pass-Through from Chemtor, L.P.</i>		8000001984		27,502	27,502
<i>Pass-Through from Clemson University</i>		1600-202-2008287		3,484	3,484
<i>Pass-Through from Czech Technical University</i>		2012-0435		23,877	23,877
<i>Pass-Through from Drexel University</i>		204080		(1,492)	(1,492)
<i>Pass-Through from Empirical Technologies Corporation</i>		N0001410C0240		918	918

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Defense (continued)					
<i>Pass-Through from Empirical Technologies Corporation</i>		NOOO1410C0240		14,461	14,461
<i>Pass-Through from Florida State University</i>		OSP#201202847; TBD		317,342	317,342
<i>Pass-Through from Florida State University</i>		R00905		1,026,091	1,026,091
<i>Pass-Through from Florida State University</i>		R00905; LOA		43,367	43,367
<i>Pass-Through from Florida State University</i>		R01287		142	142
<i>Pass-Through from Florida State University</i>		R01413		6,200	6,200
<i>Pass-Through from Florida State University</i>		R01544		53,406	53,406
<i>Pass-Through from Florida State University</i>		R01557		288,904	288,904
<i>Pass-Through from Georgia Inst. of Technology</i>		RC217-G3		110,348	110,348
<i>Pass-Through from Global Engineering and Materials, Inc.</i>		FFP-2011-UTEF-0919	39,288	30,793	70,081
<i>Pass-Through from Gpa Technologies, Inc.</i>		N62583-09-D-0066		61,763	61,763
<i>Pass-Through from Innovative Decisions, Inc.</i>		IDI-TAMU-1213-2012		87,772	87,772
<i>Pass-Through from Johns Hopkins University</i>		103318 CLIN 1 PROJ R4T02 JHU/APL		58,319	58,319
<i>Pass-Through from Johns Hopkins University</i>		JHU-105868-1 PRM N0002403D6606		11,270	11,270
<i>Pass-Through from Johns Hopkins University</i>		JHU-105868B CLIN 2		9,737	9,737
<i>Pass-Through from Johns Hopkins University</i>		N0024-03-D-6606		7,598	7,598
<i>Pass-Through from Johns Hopkins University Applied Physics Lab</i>		JHU-105926-1 PRM N0002403D6606		4,226	4,226
<i>Pass-Through from Jsj Technologies, LLC</i>		8000001906		16,138	16,138
<i>Pass-Through from Massachusetts Institute of Technology</i>		PO 7000133626 MIT		50,584	50,584
<i>Pass-Through from Missouri University of Science and Technology</i>		00036448-01		38,469	38,469
<i>Pass-Through from Nanohmics, Inc.</i>		NAN1158 UTA11- 000722		998	998
<i>Pass-Through from Noise Figure</i>		N66001-11-C-5205		32,840	32,840
<i>Pass-Through from Non - Disclosed Sponsor</i>		09-C-4111 / 26-0785- 01 CLIN 1 2 3		57	57
<i>Pass-Through from Non - Disclosed Sponsor</i>		09-C-4111/26-0785-04 CLIN 4		5,238	5,238
<i>Pass-Through from Non - Disclosed Sponsor</i>		09-C-4111/26-0785-05 CLIN 5		75	75
<i>Pass-Through from Non - Disclosed Sponsor</i>		09-C-4111/26-0785-06 CLIN 6		2	2
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0710-20 0001		13,902	13,902
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0720-01		3,098,447	3,098,447
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0740-01		943,201	943,201
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0781-01		3,393	3,393
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0781-02		3,942,100	3,942,100
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0781-03		392,395	392,395
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0781-04		919,844	919,844
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-11-2 CLIN 201101		2	2
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-11-3 CLIN 201102		2	2
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-11-4 CLIN 2021		3	3
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-12 CLIN 2001		518	518
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-12 CLIN 2011		2	2
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-12 CLIN 2021		105	105
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-12 CLIN 2031		80	80
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-13		20,652	20,652
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-14		8	8

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Defense (continued)					
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-15-1 CLIN 2001		44,440	44,440
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-15-2 CLIN 2011		10,946	10,946
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-16-1		65,857	65,857
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-16-2		80,007	80,007
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-17 CLIN 3001		178,911	178,911
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-17 CLIN 3011		141,163	141,163
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-17 CLIN 3021		20,479	20,479
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-18-1 CLIN 3001		49,223	49,223
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-18-2 CLIN 3011		298,726	298,726
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-19-1 CLIN 3001		119,392	119,392
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-19-2 CLIN 3011		438,482	438,482
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-19-3 CLIN 3021		870,177	870,177
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-20-1 CLIN 3001		134,554	134,554
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-20-2 CLIN 3011		112,453	112,453
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-21-1 CLIN 4001		141,729	141,729
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-21-2 CLIN 4011		55,779	55,779
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-21-3 CLIN 4021		25,882	25,882
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-22-1 CLIN 4001		123,543	123,543
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-23-1 CLIN 4001		42,663	42,663
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-23-2 CLIN 4011		7,294	7,294
<i>Pass-Through from Non - Disclosed Sponsor</i>		26-0797-24-1 CLIN 4001		51,843	51,843
<i>Pass-Through from Physical Optics Corporation</i>		C0410		56,423	56,423
<i>Pass-Through from Physical Sciences, Inc.</i>		8000001935		24,535	24,535
<i>Pass-Through from Physics, Materials, and Applied Mathematics Research, LLC</i>		C13-00397	14,650		14,650
<i>Pass-Through from Power and Energy, Inc.</i>		2011.05.18		18,735	18,735
<i>Pass-Through from Signal Processing, Inc.</i>		FA9550-11-C-062		8,226	8,226
<i>Pass-Through from Stanford University</i>		18412450-35520-B AMD 05		333,582	333,582
<i>Pass-Through from Systems and Materials Research Cons</i>		8000001918		19,416	19,416
<i>Pass-Through from Teco - Westinghouse Motor Company</i>		G000873; UTA10- 000828; HTS TFM PH I		(6)	(6)
<i>Pass-Through from Teco - Westinghouse Motor Company</i>		G000880		4,379	4,379
<i>Pass-Through from Teco - Westinghouse Motor Company</i>		N00014-10-2-0001		602	602
<i>Pass-Through from Thermavant</i>		PRIME: N00014-13-P-1147		10,103	10,103
<i>Pass-Through from University of California - Berkeley</i>		8156		39,248	39,248
<i>Pass-Through from University of Florida</i>		UF-EIES-1004011-TEE		26,302	26,302
<i>Pass-Through from University of Maryland - College Park</i>		Z942801		40,186	40,186
<i>Pass-Through from University of Michigan</i>		#3002186341		13,854	13,854
<i>Pass-Through from University of Michigan</i>		3002186341		96,567	96,567
<i>Pass-Through from University of Minnesota</i>		A002181202		123,733	123,733
<i>Pass-Through from University of Mississippi</i>		12-10-019		73,525	73,525
<i>Pass-Through from University of New Haven</i>		FD02D-1		(303)	(303)
<i>Pass-Through from University of Oregon</i>		N00014-11-1-0034 235571A		158,118	158,118
<i>Pass-Through from University of Pennsylvania</i>		555991		123,240	123,240
<i>Pass-Through from Woods Hole Oceanographic Institute</i>		A100846		129,770	129,770
<i>Pass-Through from Woods Hole Oceanographic Institute</i>		A100984		11,684	11,684
Total - CFDA 12.300			1,442,298	59,917,249	61,359,547
Basic Scientific Research - Combating Weapons of Mass Destruction	12.351		785,897	3,558,276	4,344,173
<i>Pass-Through from Advanced Materials and Processes</i>		8000001445		807	807

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Defense (continued)					
<i>Pass-Through from Agiltron, Inc.</i>		DTRA08-005 PRIME:HDTRA1-10- C-0017		(113)	(113)
<i>Pass-Through from Arizona State University</i>		13-714		37,855	37,855
<i>Pass-Through from Board of Trustees of the Leland Stanford Junior University</i>		21030240-40031-A		212,144	212,144
<i>Pass-Through from Foundation Applied Molecular Evolution</i>		UTA12-001238		30,817	30,817
<i>Pass-Through from Massachusetts Institute of Technology</i>		HSTRA1-10-1-0001		100,207	100,207
<i>Pass-Through from Mount Sinai School of Medicine</i>		HDTRA11210051		62,476	62,476
<i>Pass-Through from MRI Global (Midwest Research Institute)</i>		534-110705		91,221	91,221
<i>Pass-Through from New York University</i>		UTA10-000736; PI: DR. MAGUED ISKANDER		37,476	37,476
<i>Pass-Through from Rensselaer Polytechnic Institute</i>		8000001707		80,157	80,157
<i>Pass-Through from Science Applications International Corporation</i>		P010113936		424,831	424,831
<i>Pass-Through from University of New Mexico Health Science Center</i>		3RD75		21,442	21,442
<i>Pass-Through from Vanderbilt University</i>		HDTRA11310034		145,540	145,540
Total - CFDA 12.351			785,897	4,803,136	5,589,033
Research on Chemical and Biological Defense	12.360				
<i>Pass-Through from Battelle</i>		PO296242		1,676	1,676
Military Medical Research and Development	12.420		2,746,477	36,102,926	38,849,403
<i>Pass-Through from Advanced Circulatory Systems, Inc.</i>		W81XWH-12-2-0027		37,488	37,488
<i>Pass-Through from Aecom Government Services</i>		HDTRA108D0006		104,948	104,948
<i>Pass-Through from American Burn Association</i>		W81XWH0810760		265	265
<i>Pass-Through from American Burn Association</i>		W81XWH0920194		55,852	55,852
<i>Pass-Through from American Burn Association</i>		W81XWH-09-2-0194		37,623	37,623
<i>Pass-Through from Army</i>		W81XWH-09-2-0053		916,689	916,689
<i>Pass-Through from Army</i>		W81XWH1120148		838,954	838,954
<i>Pass-Through from BAE Systems</i>		31-5039001		145,381	145,381
<i>Pass-Through from Baylor College of Medicine</i>		W81XWH0820132		119,818	119,818
<i>Pass-Through from Baylor College of Medicine</i>		W81-XWH-10-1-0467 02		4,148	4,148
<i>Pass-Through from Baylor College of Medicine</i>		W81XWH-12-0475		54,676	54,676
<i>Pass-Through from Baylor College of Medicine</i>		W81XWH-12-10144		5,607	5,607
<i>Pass-Through from Baylor College of Medicine</i>		W81XWH-12-1-0516		22,459	22,459
<i>Pass-Through from Baylor University</i>		43030111011		5,898	5,898
<i>Pass-Through from Board of Trustees of the Leland Stanford Junior University</i>		26710080-50965-A		131,882	131,882
<i>Pass-Through from Boston University</i>		W81XWH-11-2-0161		282,171	282,171
<i>Pass-Through from Cgi Group, Inc.</i>		CGIFED12-ADIP- G2CORE-24		338,853	338,853
<i>Pass-Through from Christopher Reeve Paralysis Foundation</i>		CTN8-2012(MJ)		17,536	17,536
<i>Pass-Through from Christopher Reeve Paralysis Foundation</i>		CTN8-2012(RF) CTN7-2011 (RF)		23,313	23,313
<i>Pass-Through from Clarassance, Inc.</i>		W81XWH1210514		143,105	143,105
<i>Pass-Through from Cure Search National Childhood Cancer Foundation</i>		W81XWH-10-1-1019		659,145	659,145
<i>Pass-Through from Ernest Gallo Clinic and Research Center</i>		803-234		202,778	202,778
<i>Pass-Through from Geneva Foundation</i>		HU0001111TS13		39,006	39,006
<i>Pass-Through from Geneva Foundation</i>		S116201/W81XWH09 2019		(4,672)	(4,672)
<i>Pass-Through from Geneva Foundation</i>		S-1170-01/HU0001091T		46,616	46,616

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Defense (continued)					
<i>Pass-Through from Geneva Foundation</i>		S-1220-01		243,764	243,764
<i>Pass-Through from Geneva Foundation</i>		SUBAWARD/W81X WH-11-2		400	400
<i>Pass-Through from Geneva Foundation</i>		W81XWH-06-2-0033		195,546	195,546
<i>Pass-Through from Geneva Foundation</i>		W81XWH-06-2-0033 03		71,304	71,304
<i>Pass-Through from Gertner Institute</i>		W81XWH-11-1-0395 02		20,853	20,853
<i>Pass-Through from Indiana University</i>		W81XWH-10-1-0540 01		19,315	19,315
<i>Pass-Through from Informmed, Inc.</i>		W81XWH 10 1 0606		4,107	4,107
<i>Pass-Through from Johns Hopkins University</i>		FIXIT STUDY		1,525	1,525
<i>Pass-Through from Johns Hopkins University</i>		W81XWH1020090		222,262	222,262
<i>Pass-Through from Johns Hopkins University School of Medcn</i>		W81XWH-12-1-0464		33,400	33,400
<i>Pass-Through from Louisiana State University</i>		W81XWH-10-1-0170		25,907	25,907
<i>Pass-Through from Lynntech Incorporated</i>		7/26/2013		7,092	7,092
<i>Pass-Through from Memorial Sloan Kettering Cancer Center</i>		W81XWH-10-1-0699		50,786	50,786
<i>Pass-Through from Methodist Hospital Research Institute</i>		W81XWH-09-1-0212		83,203	83,203
<i>Pass-Through from Methodist Hospital Research Institute</i>		W81XWH-09-1-0212 02		52,650	52,650
<i>Pass-Through from Methodist Hospital Research Institute</i>		W81XWH-09-1-0212 03		65,184	65,184
<i>Pass-Through from Methodist Hospital Research Institute</i>		W81XWH-09-2-0139		36,907	36,907
<i>Pass-Through from Methodist Hospital Research Institute</i>		W81XWH-09-2-0139 02		34,967	34,967
<i>Pass-Through from Methodist Hospital Research Institute</i>		W81XWH1020125		69,149	69,149
<i>Pass-Through from Methodist Hospital Research Institute</i>		W81XWH-10-2-0125		352,011	352,011
<i>Pass-Through from Methodist Hospital Research Institute</i>		W81XWH-10-2-0125 01		29,396	29,396
<i>Pass-Through from Methodist Hospital Research Institute</i>		W81XWH-10-2-0125 02		98,074	98,074
<i>Pass-Through from Methodist Hospital Research Institute</i>		W81XWH-11-2-016		52,433	52,433
<i>Pass-Through from Methodist Hospital Research Institute</i>		W81XWH1120168		68,550	68,550
<i>Pass-Through from Methodist Hospital Research Institute</i>		W81XWH-11-2-0168		172,353	172,353
<i>Pass-Through from Methodist Hospital Research Institute</i>		W81XWH-11-2-0168 (PROJ. # 01)		7,573	7,573
<i>Pass-Through from Methodist Hospital Research Institute</i>		W81XWH-11-2-0168 (PROJ. # 02)		34,606	34,606
<i>Pass-Through from Methodist Hospital Research Institute</i>		W81XWH-11-2-0168 (PROJ. # 03)		37,700	37,700
<i>Pass-Through from Methodist Hospital Research Institute</i>		W81XWH-11-2-0168 02		17,893	17,893
<i>Pass-Through from National Trauma Institute</i>		NTI-NCH-10-020c		14,598	14,598
<i>Pass-Through from National Trauma Institute</i>		NTI-NCH-10-020F		15,245	15,245
<i>Pass-Through from Oregon Health Sciences University</i>		W81XWH-11-0841		12,672	12,672
<i>Pass-Through from Physical Optics Corporation</i>		W81XWH10C0011		32,481	32,481
<i>Pass-Through from PLx Pharma, Inc.</i>		A072-142-0602		651	651
<i>Pass-Through from Research Foundation of Suny</i>		W81XWH1011061		7,513	7,513
<i>Pass-Through from Rice University</i>		W81XWH-08-2-0032		25,558	25,558
<i>Pass-Through from Southwest Research Institute</i>		D99068X/W81XWH-10-1		80,223	80,223
<i>Pass-Through from Stratatech Corporation</i>		STRATA2011		57	57
<i>Pass-Through from Tekmira Pharmaceuticals Corporation</i>		W9113M10C0057		108,585	108,585
<i>Pass-Through from Texas Southern University</i>		W81XWH-07-1-0449 04		110,031	110,031
<i>Pass-Through from University of Alabama - Birmingham</i>		W81XWH0510615		15,868	15,868
<i>Pass-Through from University of California - San Francisco</i>		6821SC		63,346	63,346
<i>Pass-Through from University of Central Florida</i>		W81XWH1310058		34,306	34,306
<i>Pass-Through from University of Colorado Anschutz Medical</i>		W81XWH1120034	107,177	25,828	133,005
<i>Pass-Through from University of Delaware</i>		29998		141,916	141,916
<i>Pass-Through from University of Minnesota</i>		W81XWH-10-1-0469	11,390	2,961	14,351
<i>Pass-Through from University of North Dakota</i>		456002491		30,349	30,349
<i>Pass-Through from University of Pittsburgh</i>		W81XWH-12-2-0023		20,084	20,084
<i>Pass-Through from University of Puerto Rico</i>		W81XWH-08-1-0435 04		2,830	2,830
<i>Pass-Through from University of Utah</i>		10015178		75	75

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Defense (continued)					
<i>Pass-Through from University of Utah</i>		10023735/W81XWH-10-2		26,567	26,567
<i>Pass-Through from University of Washington</i>		W81XWH-09-0135		110,802	110,802
<i>Pass-Through from Vaxinnate</i>		W81XWH1020095		9,092	9,092
Total - CFDA 12.420			2,865,044	43,333,013	46,198,057
Basic Scientific Research	12.431		1,898,728	11,688,997	13,587,725
<i>Pass-Through from Academy of Applied Science</i>		W911NF-10-2-0076		13,816	13,816
<i>Pass-Through from Albany Medical Center</i>		460539		31,807	31,807
<i>Pass-Through from Brown University</i>		0000192		115,245	115,245
		PRIME:W911NF-08-1-0249			
<i>Pass-Through from Carnegie Mellon University</i>		1130128-258633		122,063	122,063
<i>Pass-Through from Carnegie Mellon University</i>		1130145-280847		9,399	9,399
<i>Pass-Through from Carnegie Mellon University</i>		1130156-292514		62,679	62,679
<i>Pass-Through from Clarkson Aerospace Corporation</i>		12-S567-018-02-C1		71,316	71,316
<i>Pass-Through from Edison Welding Institute Incorporated</i>		S12-003		1,082	1,082
<i>Pass-Through from Frontier Technology, Inc.</i>		TXAM-12-208060-070		11,248	11,248
<i>Pass-Through from Iowa State University</i>		421-20-27A		65,027	65,027
<i>Pass-Through from Iowa State University</i>		SUBAWRD 4212008		5,093	5,093
		PO#I9 6971523			
<i>Pass-Through from Kitware, Inc.</i>		K000846-00-S01		40,000	40,000
<i>Pass-Through from Massachusetts Institute of Technology</i>		5710002240 AMD 3		56,092	56,092
<i>Pass-Through from Massachusetts Institute of Technology</i>		5710003321		32,878	32,878
<i>Pass-Through from Methodist Hospital Research Institute</i>		6847		33,147	33,147
<i>Pass-Through from Methodist Hospital Research Institute</i>		6847, W911NF-11-1-0266		146,078	146,078
<i>Pass-Through from Ohio State University Research Foundation</i>		RF 60014918		2,254	2,254
<i>Pass-Through from Opcoast, LLC</i>		Agmt SC-2010-TEES-1-X		2,631	2,631
<i>Pass-Through from Silicon Informatics, Inc.</i>		SI-2012-001		89,984	89,984
<i>Pass-Through from Stanford University</i>		60300261-1073707-B		187,709	187,709
<i>Pass-Through from Systems and Processes Engineering Corporation</i>		B8970		26,217	26,217
<i>Pass-Through from University of California - Berkeley</i>		00007320; PO# 2000009151		174,335	174,335
<i>Pass-Through from University of California - Irvine</i>		2010-2509		125,073	125,073
<i>Pass-Through from University of Canterbury</i>		W911NF-11-1-0481		18,141	18,141
<i>Pass-Through from University of Georgia</i>		SUB4941606		1,861	1,861
		PRIME: W911NF-10-2-0107			
<i>Pass-Through from University of Illinois - Champaign - Urbana</i>		2007-00748-02		104,803	104,803
<i>Pass-Through from University of Illinois - Champaign - Urbana</i>		2007-02338-01		82,884	82,884
<i>Pass-Through from University of Kansas Center for Research, Inc.</i>		FY2012-033		37,191	37,191
<i>Pass-Through from University of Maryland - College Park</i>		Z845803		99,786	99,786
<i>Pass-Through from University of Oklahoma</i>		W911NF-07-1-0587		9,044	9,044
		2013-06			
<i>Pass-Through from University of South Carolina</i>		07-1410; PO# 72634-13060-FA35		50,102	50,102
<i>Pass-Through from University of Washington</i>		548547		87,201	87,201
Total - CFDA 12.431			1,898,728	13,605,183	15,503,911
The Language Flagship Grants to Institutions of Higher Education	12.550				

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Defense (continued)					
<i>Pass-Through from Institute of International Education</i>		NSEP-U631073-UT- ARA		665,249	665,249
<i>Pass-Through from Institute of International Education</i>		NSEP-U631073-UT- HIN-O	110,621	133,158	243,779
Total - CFDA 12.550			110,621	798,407	909,028
Basic, Applied, and Advanced Research in Science and Engineering	12.630		258,086	4,006,944	4,265,030
<i>Pass-Through from Academy of Applied Science</i>		13-57,13-58		3,900	3,900
<i>Pass-Through from Academy of Applied Science</i>		9172012		19,936	19,936
<i>Pass-Through from Dcs Corporation</i>		0002		34,404	34,404
<i>Pass-Through from Dcs Corporation</i>		0003		345,514	345,514
<i>Pass-Through from Desert Research Institute</i>		5DS12-504		42,702	42,702
<i>Pass-Through from Florida International University</i>		800001753-02		24,686	24,686
<i>Pass-Through from Florida Int'l University</i>		800001753-01		38,230	38,230
<i>Pass-Through from High Performance Technologies, Inc.</i>		1443615-608		260,336	260,336
<i>Pass-Through from Johns Hopkins University</i>		2001645112/96010680		91,925	91,925
<i>Pass-Through from Johns Hopkins University</i>		200165112/96011249		17,484	17,484
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		7056591		68,248	68,248
<i>Pass-Through from Missouri University of Science and Technology</i>		00037489-01		3,901	3,901
<i>Pass-Through from Muscogee Nation Business Enterprise</i>		T040001 (INTERIM)		(13)	(13)
<i>Pass-Through from Semerane, Inc.</i>		FA9550-11-C-0026		38,464	38,464
<i>Pass-Through from Sikorsky Aircraft</i>		SA-908NP		98,807	98,807
<i>Pass-Through from University of Maryland - Baltimore</i>		Revised10.25.12 4500236133 #0000005312		252,084	252,084
Total - CFDA 12.630			258,086	5,347,552	5,605,638
Uniformed Services University Medical Research Projects	12.750			102,030	102,030
<i>Pass-Through from Henry M. Jackson Foundation</i>		726100; 2272; UTA11- 000658			
Air Force Defense Research Sciences Program	12.800		4,104,215	18,886,730	22,990,945
<i>Pass-Through from Adventium Enterprises, LLC</i>		AEC2011-11-0004		14,273	14,273
<i>Pass-Through from Adventium Enterprises, LLC</i>		AEC2012-15-0006		39,219	39,219
<i>Pass-Through from Applied Defense Solutions, Inc.</i>		C1060		66,166	66,166
<i>Pass-Through from Applied Research Associates, Inc.</i>		S-000656		16,456	16,456
<i>Pass-Through from Ata Engineering, Inc.</i>		11-0097		(589)	(589)
<i>Pass-Through from Booz Allen Hamilton, Inc.</i>		C2970		17,420	17,420
<i>Pass-Through from Brown University</i>		00000557/PO P280811		55,997	55,997
<i>Pass-Through from California Institute of Technology</i>		52-1093210		110,426	110,426
<i>Pass-Through from Case Western Reserve University</i>		RES506636		46,257	46,257
<i>Pass-Through from Clarkson Aerospace Corporation</i>		12-S56701802C1		93,204	93,204
<i>Pass-Through from Clarkson Aerospace Corporation</i>		12-S567-018-02-C2		29,275	29,275
<i>Pass-Through from Clarkson Aerospace Corporation</i>		FA8650-12-M-2283		133,725	133,725
<i>Pass-Through from Clarkson Aerospace Corporation</i>		PVAM 10-S567-016- 02-C3		1,718	1,718
<i>Pass-Through from Clarkson Aerospace Corporation</i>		PVAM 11-S567-016- 02-C2		17,907	17,907
<i>Pass-Through from Clarkson Aerospace Corporation</i>		PVAM 12-S567-018- 02-C2		36,862	36,862
<i>Pass-Through from Clarkson Aerospace Corporation</i>		PVAM 13-S567-020- 02-C2		47,834	47,834

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Defense (continued)					
<i>Pass-Through from Clarkson Aerospace Corporation</i>		TAMU 13-S567-020-02-C2		106,103	106,103
<i>Pass-Through from Clarkson Aerospace Corporation</i>		UDC PVAM 12-S567-018-02-C2		9,003	9,003
<i>Pass-Through from Clarkson Aerospace Corporation</i>		UTEP-11-S567-0016-02-C2		6,099	6,099
<i>Pass-Through from Duke University</i>		10-AFRL-1023		41,667	41,667
<i>Pass-Through from Florida International University</i>		800000913-01		79,738	79,738
<i>Pass-Through from General Dynamics Information Technology, Inc.</i>		08ESM541890/F5702	4,416	34,292	38,708
<i>Pass-Through from General Dynamics Information Technology, Inc.</i>		USAF-3446-11-50-SC-01		280,256	280,256
<i>Pass-Through from Geneva Foundation</i>		S-1695-01		483,553	483,553
<i>Pass-Through from Georgia Institute of Technology</i>		RB848-G1		69,487	69,487
<i>Pass-Through from Georgia Tech Research Corp</i>		RD446-S1		24,349	24,349
<i>Pass-Through from Georgia Tech Research Corp</i>		RD451-S1		32,341	32,341
<i>Pass-Through from Imaginestics, LLC</i>		8000001788		20,031	20,031
<i>Pass-Through from Iowa State University</i>		421-21-03C		150,214	150,214
<i>Pass-Through from Lynntech, Inc.</i>		FA8052-11-C-0031		21,927	21,927
<i>Pass-Through from Massachusetts Institute of Technology</i>		5710003069		102,317	102,317
<i>Pass-Through from Nanohmics, Inc.</i>		8000001705		43	43
<i>Pass-Through from Ohio State University</i>		60036546		51,913	51,913
<i>Pass-Through from Ohio State University</i>		FA9550-10-1-0533		65,838	65,838
<i>Pass-Through from Oregon Health Sciences University</i>		90006220 UTHSCSA/FA8		171,276	171,276
<i>Pass-Through from Oregon Health Sciences University</i>		FA8650-10-2-6143		311,744	311,744
<i>Pass-Through from Pacific Defense Solutions</i>		11-1404		35,975	35,975
<i>Pass-Through from Pacific Defense Solutions</i>		Agmt C10-00388		60,895	60,895
<i>Pass-Through from Pacific Defense Solutions</i>		C0810		145,796	145,796
<i>Pass-Through from Prime Photonics, Lc</i>		FR02-101/UTEP-01		5,965	5,965
<i>Pass-Through from Rice University</i>		R15902-FA8650-07-02		69,919	69,919
<i>Pass-Through from Rice University</i>		R15903		14,572	14,572
<i>Pass-Through from Rice University</i>		PRIME: FA8650-07-2-5061-P00005			
<i>Pass-Through from Rice University</i>		R15904 AMD 3		11,571	11,571
<i>Pass-Through from Securboratorn, Inc.</i>		FA8750-12-C-0150		25,021	25,021
<i>Pass-Through from Spectral Energies, LLC</i>		FA8650-12-M-2283		67,758	67,758
<i>Pass-Through from Stanford University</i>		22178970-41070-E		149,410	149,410
<i>Pass-Through from Stanford University</i>		22179840-41070-E		190,742	190,742
<i>Pass-Through from Teledyne Controls</i>		B9U544351		89,484	89,484
<i>Pass-Through from Tribologix, Inc.</i>		SBIR-GN3941		(26,035)	(26,035)
<i>Pass-Through from Ues, Inc.</i>		S-875-170-002		2,252	2,252
<i>Pass-Through from University Corporation for Atmospheric Research</i>		Z13-98902		18,042	18,042
<i>Pass-Through from University of Alabama</i>		PRIME:FA9550-12-1-0429			
<i>Pass-Through from University of Alabama</i>		09-064		(491)	(491)
<i>Pass-Through from University of California - Merced</i>		E200GQB743		15,872	15,872
<i>Pass-Through from University of Cincinnati</i>		FA86501126B08		106,272	106,272
<i>Pass-Through from University of Colorado - Boulder</i>		CU-1548384		92,385	92,385
<i>Pass-Through from University of Colorado - Boulder</i>		FA9550-12-1-0412		17,357	17,357
<i>Pass-Through from University of Dayton Research Institute</i>		No: RSC12008		15,592	15,592
<i>Pass-Through from University of Dayton Research Institute</i>		RSC10046		(33)	(33)
<i>Pass-Through from University of Dayton Research Institute</i>		RSC12031		31,796	31,796
<i>Pass-Through from University of Maryland - College Park</i>		Z805405 FA9550-08-1-0406		44,230	44,230
<i>Pass-Through from University of Michigan</i>		3002498055		14,166	14,166
<i>Pass-Through from University of Missouri</i>		FA9550-11-1-0245		50,412	50,412

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Defense (continued)					
<i>Pass-Through from University of North Carolina at Charlotte</i>		20100669-02-UTA PRIME: FA9550-10-1-0543		142,945	142,945
<i>Pass-Through from University of Southern California</i>		34272240		96,378	96,378
<i>Pass-Through from University of Wisconsin</i>		124K795 3		184,857	184,857
<i>Pass-Through from University of Wisconsin - Madison</i>		067K605		190,578	190,578
<i>Pass-Through from Zt Solar, Inc.</i>		PRIME: FA9550-08-1-0337 FA8650-13-C-5001-PRIME		15,804	15,804
Total - CFDA 12.800			4,108,631	23,554,558	27,663,189
Language Grant Program	12.900			195,096	195,096
Mathematical Sciences Grants Program	12.901			161,298	161,298
Information Security Grant Program	12.902			90,581	90,581
Research and Technology Development	12.910		1,506,908	4,365,772	5,872,680
<i>Pass-Through from California Institute of Technology</i>		68A-1093709		30,152	30,152
<i>Pass-Through from Cornell University</i>		68272-9975		119,335	119,335
<i>Pass-Through from Foundation Applied Molecular Evolution</i>		UTA13-000282		6,956	6,956
<i>Pass-Through from Harvard University</i>		133503-04		58,407	58,407
<i>Pass-Through from Harvard University</i>		133534-5057068		103,220	103,220
<i>Pass-Through from International Business Machines Corp</i>		5003680104; SOW #4910001938.0		43,123	43,123
<i>Pass-Through from Kestrel Technology, LLC</i>		02-KT-0202-TTU		48,870	48,870
<i>Pass-Through from Northwestern University</i>		SP0020412- PROJ0005161		71,648	71,648
<i>Pass-Through from Plexon</i>		N66001-11-C-4168		164,647	164,647
<i>Pass-Through from Purdue University</i>		4104-56056		236,205	236,205
<i>Pass-Through from Rice University</i>		HR0011-08-1-0010 01		(3,520)	(3,520)
<i>Pass-Through from Sa Technologies</i>		W911QX12C0040- 1449-UTA		108,134	108,134
<i>Pass-Through from Southwest Sciences, Inc.</i>		C0560		15,325	15,325
<i>Pass-Through from Teledyne Controls</i>		PO00101737 4T087		17,462	17,462
<i>Pass-Through from The Boeing Company</i>		660803		182,569	182,569
<i>Pass-Through from Traclabs, Inc.</i>		Agmt T0055.01.T003		29,999	29,999
<i>Pass-Through from University North Carolina at Chapel Hill</i>		5-35830		80,371	80,371
<i>Pass-Through from University North Carolina at Chapel Hill</i>		5-55068		1,294	1,294
<i>Pass-Through from University of California - Berkeley</i>		00007835;PO# 2000098270;HR0011- 12-2-0003		119,713	119,713
<i>Pass-Through from University of Colorado - Boulder</i>		1547150; PO# 1000032493		11,153	11,153
<i>Pass-Through from University of Notre Dame</i>		FA9550-12-1-0405		118,679	118,679
Total - CFDA 12.910			1,506,908	5,929,514	7,436,422
Total - U.S. Department of Defense			13,917,750	221,176,871	235,094,621
Central Intelligence Agency					
Central Intelligence Agency	13.XXX	13-12182-466191		6,331	6,331
Total - CFDA 13.XXX			0	6,331	6,331
Total - Central Intelligence Agency			0	6,331	6,331

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Housing and Urban Development					
Sustainable Communities Regional Planning Grant Program <i>Pass-Through from Capital Area Council of Govts</i>	14.703	UTA12-000545 DUTHIE		44,256	44,256
Lead Technical Studies Grants	14.902			79,335	79,335
Total - U.S. Department of Housing and Urban Development			0	123,591	123,591
U.S. Department of the Interior					
U.S. Department of the Interior	15.XXX	03FC601786		4,394	4,394
		201819G916		14,977	14,977
		E12PX00033		21,031	21,031
		G09PX02173/0909001 29		54,309	54,309
		G12AP20050		34,237	34,237
		G12PX01832		5,438	5,438
		H5000 02 A271, J8380 10 0084		16,506	16,506
		M10PC00091	34,635	66,269	100,904
		P10AC00612		146,984	146,984
		P11AC91270 MOD2		45,499	45,499
		P11PX15710		17,928	17,928
		P12AC71329 AMD 2		(175)	(175)
		P12AC71330 001		73,228	73,228
		P12AC71337 / FORMERLY P12AT51121		6,559	6,559
		P13AC00534		10,143	10,143
		R7600120057/12AC11 18		5,364	5,364
		TSK J2115090008		35,094	35,094
		H500002A271/H50000 70555			
<i>Pass-Through from City of Austin</i>		TSK J496091001		539	539
		UTA11-000870; 48- 10-AP-5049		27,513	27,513
<i>Pass-Through from Columbia University</i>		5 (GG005955)		79,959	79,959
<i>Pass-Through from Columbia University</i>		5 (GG005955-05)		74,642	74,642
<i>Pass-Through from National Center for Preservation Tech and Tmg</i>		MT-2210-11-NC-10		(5,854)	(5,854)
<i>Pass-Through from Stratus Consulting</i>		S183-3S-1931 S183-041		14,113	14,113
<i>Pass-Through from Tt Government Solutions</i>		D11PC20198; 20015942; PO # 20016006		13,218	13,218
Total - CFDA 15.XXX			34,635	761,915	796,550
Cultural Resource Management	15.224			788	788
Recreation Resource Management	15.225			31,302	31,302
Wild Horse and Burro Resource Management	15.229			83,780	83,780

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of the Interior (continued)					
Fish, Wildlife and Plant Conservation Resource Management <i>Pass-Through from Friends of Laguna Atascosa National Wildlife Refuge</i>	15.231	FLANWRF FY12 1		96,936 7,148	96,936 7,148
Total - CFDA 15.231			0	104,084	104,084
Wildland Fire Research and Studies Program	15.232			135,003	135,003
Alaska Coastal Marine Institute	15.421		291	32,434	32,725
Bureau of Ocean Energy Management (BOEM) Environmental Studies Program (ESP) <i>Pass-Through from Csi Technologies, LLC Pass-Through from University of Alaska</i>	15.423	Agmt 11-1013 UAF-12-0028	889,061	1,251,911 17,532 20,280	2,140,972 17,532 95,252
Total - CFDA 15.423			964,033	1,289,723	2,253,756
Coastal Impact Assistance Program (CIAP) <i>Pass-Through from Houston Advanced Research Center Pass-Through from Houston Advanced Research Center Pass-Through from Houston Advanced Research Center Pass-Through from Houston Advanced Research Center Pass-Through from Houston Advanced Research Center</i>	15.426	CITP07-TALR0212 CITP08-TAMUK0113A CITP08-TAMUK0113B CITP0910- CITP0910-IRNR0613B		41,505 24,730 4,970 19,536 17,533	41,505 24,730 4,970 19,536 17,533
Total - CFDA 15.426			0	108,274	108,274
Water Desalination Research and Development Program <i>Pass-Through from Kii, Inc.</i>	15.506	2012-0209	308,469	209,943 5,371	518,412 5,371
Total - CFDA 15.506			308,469	215,314	523,783
WaterSMART (Sustaining and Manage America's Resources for Tomorrow)	15.507			141,233	141,233
Cultural Resources Management	15.511			10,338	10,338
Fish and Wildlife Coordination Act <i>Pass-Through from Utah State University</i>	15.517	8000001758		25,687 1,398	25,687 1,398
Total - CFDA 15.517			0	27,085	27,085
Water Conservation Field Services Program (WCFSP)	15.530			13,470	13,470
Fish and Wildlife Management Assistance	15.608			162,287	162,287
Wildlife Restoration and Basic Hunter Education	15.611			117,590	117,590
Cooperative Endangered Species Conservation Fund <i>Pass-Through from University of Arizona</i>	15.615	PO67722	3,204	557,061 11,197	560,265 11,197
Total - CFDA 15.615			3,204	568,258	571,462
North American Wetlands Conservation Fund	15.623			25,627	25,627
Coastal Program	15.630			4,525	4,525
Partners for Fish and Wildlife	15.631			2,538	2,538
State Wildlife Grants <i>Pass-Through from State of Louisiana</i>	15.634	8000001765		635,917 9,573	635,917 9,573
Total - CFDA 15.634			0	645,490	645,490

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of the Interior (continued)					
Migratory Bird Joint Ventures	15.637			9,247	9,247
Wildlife Without Borders-Mexico	15.641			11,713	11,713
Migratory Bird Conservation	15.647			(7,031)	(7,031)
Service Training and Technical Assistance (Generic Training)	15.649			1,633	1,633
Research Grants (Generic)	15.650			101,059	101,059
Migratory Bird Monitoring, Assessment and Conservation <i>Pass-Through from Coastal Bend Bays</i>	15.655	2141010130		161,782 61,138	161,782 61,138
Total - CFDA 15.655			0	222,920	222,920
Endangered Species Conservation - Recovery Implementation Funds	15.657			8,465	8,465
Coastal Impact Assistance Program <i>Pass-Through from Cameron County</i> <i>Pass-Through from Houston Advanced Research Center</i> <i>Pass-Through from San Antonio River Authority</i>	15.668	2012C06204 IKESURGE12- TAMU0313 8000001920	10,385	1,254,039 33,046 2,052 17,383	1,264,424 33,046 2,052 17,383
Total - CFDA 15.668			10,385	1,306,520	1,316,905
Cooperative Landscape Conservation	15.669			72,940	72,940
Adaptive Science <i>Pass-Through from Oklahoma State University</i>	15.670	AB 5 67800TTU		2,370 20,492	2,370 20,492
Total - CFDA 15.670			0	22,862	22,862
Assistance to State Water Resources Research Institutes	15.805		840	112,849	113,689
Earthquake Hazards Reduction Program	15.807			132,244	132,244
U.S. Geological Survey Research and Data Collection <i>Pass-Through from University of Alaska</i> <i>Pass-Through from University of Hawaii at Hilo</i> <i>Pass-Through from University of Louisiana at Lafayette</i>	15.808	UAF 12-0047; PO# FP21640 G13AC00001 13-0115		224,597 20,482 199,859 19,850	224,597 20,482 199,859 19,850
Total - CFDA 15.808			0	464,788	464,788
National Cooperative Geologic Mapping Program	15.810		77,021	122,902	199,923
Cooperative Research Units Program	15.812		7,586	477,668	485,254
National Geological and Geophysical Data Preservation	15.814			17,524	17,524
National Land Remote Sensing Education Outreach and Research <i>Pass-Through from America View</i> <i>Pass-Through from America View</i>	15.815	AV04-TX01 AV08-TX01		3,414 20,844	3,414 20,844
Total - CFDA 15.815			0	24,258	24,258
Energy Cooperatives to Support the National Coal Resources Data System (NCRDS)	15.819			2,407	2,407

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of the Interior (continued)					
National Climate Change and Wildlife Science Center	15.820				
<i>Pass-Through from University of Oklahoma</i>		2013-13		31,884	31,884
<i>Pass-Through from University of Oklahoma</i>		2013-14		3,744	3,744
<i>Pass-Through from University of Oklahoma</i>		G12AC00002 SUB 2012-30		87,437	87,437
Total - CFDA 15.820			<u>0</u>	<u>123,065</u>	<u>123,065</u>
Historic Preservation Fund Grants-In-Aid	15.904			70,262	70,262
National Natural Landmarks Program	15.910			30,396	30,396
National Historic Landmark	15.912			(1,055)	(1,055)
Technical Preservation Services	15.915			1,071	1,071
Outdoor Recreation Acquisition, Development and Planning	15.916			210,670	210,670
Rivers, Trails and Conservation Assistance	15.921			1,442	1,442
National Center for Preservation Technology and Training	15.923			12,414	12,414
National Heritage Area Federal Financial Assistance	15.939				
<i>Pass-Through from Cane River National Heritage Area</i>		CA2012-04		11,218	11,218
Natural Resource Stewardship	15.944			597	597
Cooperative Research and Training Programs - Resources of the National Park System	15.945		13,855	206,743	220,598
Total - U.S. Department of the Interior			<u>1,420,319</u>	<u>8,252,849</u>	<u>9,673,168</u>
U.S. Department of Justice					
U.S. Department of Justice	16.XXX				
		1-321-0213168		81,712	81,712
		FBI-HIG		55,770	55,770
		J-FBI-10-009	1,640,915	935,657	2,576,572
		US001-0000357722		17,662	17,662
<i>Pass-Through from Battelle Memorial Institute</i>		PO US001- 0000347348		53,795	53,795
<i>Pass-Through from Ibis Biosciences, Inc.</i>		J-FBI-08-257		130	130
<i>Pass-Through from Rocky Mountain Scientific Laboratory</i>		J-FBI-11-259		1,388	1,388
<i>Pass-Through from Signature Science, LLC</i>		Classified		87,041	87,041
Total - CFDA 16.XXX			<u>1,640,915</u>	<u>1,233,155</u>	<u>2,874,070</u>
Community Relations Service	16.200		39,053	52,008	91,061
Juvenile Justice and Delinquency Prevention Allocation to States	16.540		27,701	94,952	122,653
Part E - Developing, Testing and Demonstrating Promising New Programs	16.541			23,036	23,036
<i>Pass-Through from The Urban Institute</i>		2010-MU-FX-0613; 08568-000-00-UTA-01		26,270	26,270
Total - CFDA 16.541			<u>0</u>	<u>49,306</u>	<u>49,306</u>
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		45,201	5,483,631	5,528,832
<i>Pass-Through from Forensic Sciences Foundation</i>		Award LTR Dated 10/17/11		236	236

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Justice (continued)					
<i>Pass-Through from City of Houston</i>		C74344/UTA11- 000549 PH II		92,056	92,056
<i>Pass-Through from Houston Police Department</i>		FC7435072011-0667		96,960	96,960
<i>Pass-Through from The Bode Technology Group, Inc.</i>		2008-DN-BX-K155		84,552	84,552
Total - CFDA 16.560			45,201	5,757,435	5,802,636
Criminal Justice Research and Development Graduate Research Fellowships	16.562			41,906	41,906
<i>Pass-Through from Forensic Sciences Foundation</i>		Award LTR Dated 10/14/12		4,388	4,388
Total - CFDA 16.562			0	46,294	46,294
Crime Victim Assistance/Discretionary Grants	16.582				
<i>Pass-Through from Lone Star Legal Aid</i>		7484-1 2012-VF-GX- 2019		44,884	44,884
Violence Against Women Formula Grants	16.588			111,817	111,817
Public Safety Partnership and Community Policing Grants	16.710			39,108	39,108
Juvenile Mentoring Program	16.726			148,598	148,598
Edward Byrne Memorial Justice Assistance Grant Program	16.738			44,910	44,910
DNA Backlog Reduction Program	16.741			559,030	559,030
Total - U.S. Department of Justice			1,752,870	8,181,497	9,934,367
U.S. Department of Labor					
U.S. Department of Labor	17.XXX				
<i>Pass-Through from Aspen Institute</i>		CREDIT		29,564	29,564
<i>Pass-Through from Center for Employment Security Education and Research</i>		CE191590960A11- UTRMC-1		58	58
Total - CFDA 17.XXX			0	29,622	29,622
Employment Service/Wagner-Peyser Funded Activities	17.207			277,545	277,545
WIA Pilots, Demonstrations, and Research Projects	17.261			384,103	384,103
H-1B Job Training Grants	17.268		309,810	301,586	611,396
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282				
<i>Pass-Through from Corp for A Skilled Workforce</i>		2013-02		7,849	7,849
Workforce Innovation Fund	17.283				
<i>Pass-Through from Jobs for the Future</i>		UTA12-001153		179,251	179,251
Total - U.S. Department of Labor			309,810	1,179,956	1,489,766
U.S. Department of State					
U.S. Department of State	19.XXX				
<i>Pass-Through from Sandia National Laboratory</i>		PO 999287 REVISION 10		371,972	371,972

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of State (continued)					
One-Time International Exchange Grant Program	19.014			56,439	56,439
General Department of State Assistance	19.700			2,979,057	2,979,057
Total - U.S. Department of State			0	3,407,468	3,407,468
U.S. Department of Transportation					
U.S. Department of Transportation	20.XXX	DTFH61-07-H-00030 AMD 4		95,809	95,809
		DTFH61-12-C-00025		119,028	119,028
		DTFH6811E00043		104,971	104,971
		DTFH68-11-E-00051		23,817	23,817
		DTFH68-11-E-00054		36,174	36,174
		DTFH71-13-C-00002		20,557	20,557
<i>Pass-Through from Aem Corporation</i>		2321-000-TAMU01		18,001	18,001
<i>Pass-Through from American Association of State Hwy and Transportation Officials</i>		AS 13-0069		7,054	7,054
<i>Pass-Through from American Road and Transp. Builders Association</i>		DTFH61-11-H-		116,454	116,454
<i>Pass-Through from Applied Pavement Technology, Inc.</i>		SHRP2 15-B		1,047	1,047
<i>Pass-Through from California Department of Transportation</i>		65A0401		151,195	151,195
<i>Pass-Through from Center for Transportation and the Environment</i>		GA-04-7006		18,118	18,118
<i>Pass-Through from Center for Transportation and the Environment</i>		UTA10-000072		13,560	13,560
<i>Pass-Through from Center for Transportation and the Environment</i>		UTA11-000802; FL- 88-0001-00		36,637	36,637
<i>Pass-Through from Center for Transportation and the Environment</i>		UTA12-000814		20,841	20,841
<i>Pass-Through from Center for Transportation and the Environment</i>		UTA12-000814 AMD 01		15,567	15,567
<i>Pass-Through from Designline Usa</i>		UTA13-000633		7,626	7,626
<i>Pass-Through from Engineering and Software Consultants, Inc.</i>		16-Dec		26,589	26,589
<i>Pass-Through from Fort Bend County</i>		P2012144		53,940	53,940
<i>Pass-Through from Idaho Transportation Department</i>		TTI-2013-01		18,828	18,828
<i>Pass-Through from Midwest Research Institute</i>		578-110811-01		76,389	76,389
<i>Pass-Through from Mitre Corporation</i>		84443	15,514	62,937	78,451
<i>Pass-Through from NAS - National Cooperative Highway Research Program</i>		HR 01-		19,624	19,624
<i>Pass-Through from NAS - National Cooperative Rail Research Program</i>		52 SUB0000237 NAS 150		57,194	57,194
<i>Pass-Through from NAS - Transit Cooperative Research Program</i>		TCRP A-38 SUB0000231		82,150	82,150
<i>Pass-Through from NAS - Transportation Research Board</i>		SHRP R-15 (C) SUB0000153		96,713	96,713
<i>Pass-Through from NAS - Transportation Research Board</i>		TRANSIT-73 (SUB0000162)		100,105	100,105
<i>Pass-Through from National Academy of Sciences</i>		HR 25-32	20,000	46,348	66,348
<i>Pass-Through from National Academy of Sciences</i>		TRB-2000000526		346	346
<i>Pass-Through from Ohio Department of Transportation</i>		ODT 25302 STATE 134716		81,964	81,964
<i>Pass-Through from Oregon State University</i>		J1329A-C		14,420	14,420
<i>Pass-Through from Roadsafe, LLC</i>		1754TAMU		77,383	77,383
<i>Pass-Through from Transtec Group, Inc.</i>		UTA09-000356; 208026		52,711	52,711
<i>Pass-Through from Transtec Group, Inc.</i>		UTA08-022		(18,469)	(18,469)
<i>Pass-Through from University of California - Santa Barbara</i>		KK1228		35,017	35,017
<i>Pass-Through from University of California - Santa Barbara</i>		KK1228 02		27,900	27,900
<i>Pass-Through from University of Michigan - Transportation Research Institute</i>		DTFH61-11-C-00040		2,402	2,402

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Transportation (continued)					
<i>Pass-Through from University of South Florida - Center for Urban Transportation Research</i>		2117-1471-00-A/PO 0000194850		25,548	25,548
<i>Pass-Through from USDOT Research and Innovative Technology</i>		DTRT57-13-P-80017		9,555	9,555
<i>Pass-Through from Wisconsin Department of Transportation</i>		0092-11-15		38,956	38,956
Total - CFDA 20.XXX			35,514	1,795,006	1,830,520
Aviation Education	20.100			7,470	7,470
Aviation Research Grants	20.108		100,445	199,756	300,201
Air Transportation Centers of Excellence	20.109		13,322	131,907	145,229
Highway Research and Development Program	20.200			23,699	23,699
<i>Pass-Through from Amec Environment and Infrastructure</i>		642020019		55,629	55,629
<i>Pass-Through from Central Texas Regional Mobility Authority</i>		P2013410 CSJ# 0914- 00-373		3,359	3,359
<i>Pass-Through from Icf Kaiser International, Inc.</i>		13DDSK0550		31,922	31,922
<i>Pass-Through from Lubbock Metropolitan Planning Organization</i>		SUB 5.13		19,525	19,525
<i>Pass-Through from Michigan Department of Transportation</i>		2013-0229		28,805	28,805
<i>Pass-Through from NAS - National Cooperative Highway Research Program</i>		HR 14-28, 163511- 1102		58,610	58,610
<i>Pass-Through from NAS - National Cooperative Highway Research Program</i>		SUB0000237 HR 17-58		61,314	61,314
<i>Pass-Through from National Academy of Sciences</i>		HR 10-84	56,058	55,245	111,303
<i>Pass-Through from National Academy of Sciences</i>		TRB-2000000982		456	456
<i>Pass-Through from National Academy of Sciences</i>		TRB-2000001097		882	882
<i>Pass-Through from National Academy of Sciences</i>		TRB-2000001227		8,334	8,334
<i>Pass-Through from National Academy of Sciences</i>		TRB-2000001839		9,800	9,800
<i>Pass-Through from National Academy of Sciences</i>		TRB-2000002199		2,995	2,995
<i>Pass-Through from National Academy of Sciences</i>		TRB-2000002350		4,476	4,476
<i>Pass-Through from National Academy of Sciences</i>		TRB-2000002431		3,999	3,999
<i>Pass-Through from Transportation Research Board of the National Academies</i>		FR-RRD-0020-10-01-00		63,592	63,592
Total - CFDA 20.200			56,058	432,642	488,700
Highway Planning and Construction	20.205				
<i>Pass-Through from Gulf Coast Rail District</i>		83-2XXIA006		47,554	47,554
<i>Pass-Through from Iowa State University</i>		404-17- 29 POI29440623		48,912	48,912
<i>Pass-Through from Oregon Department of Transportation</i>		29184		6,190	6,190
<i>Pass-Through from Oregon State University</i>		U0731A-A		48,946	48,946
<i>Pass-Through from Synesis Partners, LLC</i>		AS 13-0036		34,512	34,512
<i>Pass-Through from Trinity Infrastructure</i>		6PE 7.21.96 000001		23,414	23,414
<i>Pass-Through from University of Nebraska - Lincoln</i>		25-1121-0001-333		(818)	(818)
<i>Pass-Through from University of South Florida - Tampa</i>		2104-1175-00-4		52,611	52,611
Total - CFDA 20.205			0	261,321	261,321
Highway Training and Education	20.215			145,361	145,361
<i>Pass-Through from Georgia Department of Transportation</i>		PEMSL000600311		3,785	3,785
Total - CFDA 20.215			0	149,146	149,146
National Motor Carrier Safety	20.218			12,225	12,225
Railroad Research and Development	20.313				

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Transportation (continued)					
<i>Pass-Through from University of Illinois - Champaign - Urbana</i>		2012-06861-01		39,394	39,394
Metropolitan Transportation Planning	20.505			48,477	48,477
Formula Grants for Rural Areas	20.509			80,338	80,338
Public Transportation Research	20.514			70,243	70,243
Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emissions	20.523				
<i>Pass-Through from Center for Transportation and the Environment</i>		UTA12-000559		27,111	27,111
State and Community Highway Safety	20.600			1,768,923	1,768,923
<i>Pass-Through from National Academy of Sciences</i>		NCHRP-154		37,600	37,600
<i>Pass-Through from Nebraska Department of Health and Human Services</i>		P2013191		3,400	3,400
Total - CFDA 20.600			0	1,809,923	1,809,923
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601			439,174	439,174
Alcohol Open Container Requirements	20.607				
<i>Pass-Through from University of New Orleans</i>		8000001745		277	277
Safety Belt Performance Grants	20.609			21,556	21,556
University Transportation Centers Program	20.701			2,426,636	2,426,636
<i>Pass-Through from Oklahoma State University</i>		AA-5-30090-01		1,850	1,850
<i>Pass-Through from Oregon State University</i>		J1492B-B		12,307	12,307
<i>Pass-Through from Rutgers University</i>		4648		65,958	65,958
<i>Pass-Through from University of Alaska Anchorage</i>		AUTC 510022		27,503	27,503
<i>Pass-Through from University of Idaho</i>		KLK900-SB-003		273,430	273,430
<i>Pass-Through from University of New Orleans</i>		8000001709		756	756
<i>Pass-Through from University of New Orleans</i>		8000001980		8,936	8,936
<i>Pass-Through from University of Wisconsin - Madison</i>		344K783		17,443	17,443
<i>Pass-Through from University of Wisconsin - Madison</i>		430K850		21,546	21,546
Total - CFDA 20.701			0	2,856,365	2,856,365
Biobased Transportation Research	20.761				
<i>Pass-Through from Oklahoma State University</i>		AB-5-61770.2		4,570	4,570
<i>Pass-Through from Oklahoma State University</i>		AB-5-61770.2.TAES5 AULD	(146)	(4,143)	(4,289)
<i>Pass-Through from Oklahoma State University</i>		AB-5-61770.TAES2		(1,873)	(1,873)
<i>Pass-Through from Oklahoma State University</i>		AB-5-61770.TAES7	4,972	77,148	82,120
<i>Pass-Through from Oklahoma State University</i>		AB-5-66090.TAES9 HAYS	64,674	86,525	151,199
<i>Pass-Through from Oklahoma State University</i>		AB-5-67840.TAMU		1,497	1,497
Total - CFDA 20.761			69,500	163,724	233,224
Total - U.S. Department of Transportation			274,839	8,546,055	8,820,894
U.S. Department of the Treasury					
U.S. Department of the Treasury	21.XXX	IPA EMRE AKAY		127,219	127,219
Total - CFDA 21.XXX			0	127,219	127,219
Total - U.S. Department of the Treasury			0	127,219	127,219

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
Office of Personnel Management					
Office of Personnel Management <i>Pass-Through from Sigmatech, Inc.</i>	27.XXX	SIG-11-OPM-0003; #O0068; #1.5		4,000	4,000
Intergovernmental Personnel Act (IPA) Mobility Program	27.011			1,004,050	1,004,050
Total - Office of Personnel Management			0	1,008,050	1,008,050
General Services Administration					
General Services Administration <i>Pass-Through from General Dynamics</i>	39.XXX	G26396908-0073; PO FXK3012051		324,785	324,785
<i>Pass-Through from General Dynamics</i>		GSA-ML-SC- 0073/07ESM578831		314,628	314,628
Total - CFDA 39.XXX			0	639,413	639,413
Donation of Federal Surplus Personal Property	39.003			119,680	119,680
Total - General Services Administration			0	759,093	759,093
Library of Congress					
Library of Congress	42.XXX	CRS 11-06 CRS# 11-04		(601) (10)	(601) (10)
Total - CFDA 42.XXX			0	(611)	(611)
Total - Library of Congress			0	(611)	(611)
National Aeronautics and Space Administration					
National Aeronautics and Space Administration	43.XXX	2011-NAS54C-0001 AWARD 1456878 HHS01002011000151 HST-GO-11712.07-A NAS5-97213 AMD 000076 NNC09CA08C NNC13VB83P NNG12PF02P NNG12VI01C PR # 4200418840 NNG12VI01C PR# 4200383751 NNJ04HH01A NNJ13ZA04P NNX08AD58G NNX08AJ84G NNX08AN02G NNX08AN68G NNX08AO52G NNX08AO52G S05 NNX08AR34G NNX08AT06G NNX08AW08G	178,586	136,511 40,749 4,874 6,442 2,903,706 64,100 12,002 1,878 78,830 712,501 57,181 97,661 14,988 193,539 192,694 62,371 10,958 360 36,961 75,954 60,404	136,511 40,749 4,874 6,442 3,082,292 64,100 12,002 1,878 78,830 712,501 201,662 97,661 14,988 193,539 192,694 62,371 10,958 360 36,961 75,954 60,404

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
National Aeronautics and Space Administration (continued)					
		NNX08AW91G		3,923	3,923
		NNX09AB30G		101,221	101,221
		NNX09AD85G		2,541	2,541
		NNX09AE46G		24,066	24,066
		NNX09AE61G		28,819	28,819
		NNX09AG20G		76,607	76,607
		NNX09AH48G		8,852	8,852
		NNX09AI01G		57,880	57,880
		NNX09AJ48G		126,403	126,403
		NNX09AK75G		57,373	57,373
		NNX09AM08G		176,190	176,190
		NNX09AM51A		87,750	87,750
		NNX09AM60G	12,925	118,623	131,548
		NNX09AN10G		3,179	3,179
		NNX09AR98G		(413)	(413)
		NNX09AV10G	59,841	49,248	109,089
		NNX09AW26G		2,110	2,110
		NNX10AC68G		147,885	147,885
		NNX10AF10G		90,211	90,211
		NNX10AG20G		187,669	187,669
		NNX10AG73G		38,299	38,299
		NNX10AH28G		24,349	24,349
		NNX10AI86G		158,990	158,990
		NNX10AK82H		28,924	28,924
		NNX10AM37G		47,430	47,430
		NNX10AO26G 09		108,743	108,743
		MDAP09-0087			
		NNX10AP98G		80,896	80,896
		NNX10AQ16A	27,489	92,818	120,307
		nnx10at02g	82,518	748,684	831,202
		NNX10AT57A		283,765	283,765
		NNX11AD38G		9,498	9,498
		NNX11AJ73G	100,365	96,986	197,351
		NNX12AC66G		34,191	34,191
		NNX12AG09G		91,593	91,593
		NNXIOAQ16A	62,460		62,460
		NSTI 2011-2013		39,488	39,488
		NSTI2011-2013		18,158	18,158
		UNCFSP/NNX13AK89A		18,394	18,394
<i>Pass-Through from Advanced Magnet Lab</i>		NNX11AI20A		106,855	106,855
<i>Pass-Through from Austin Satellite Design, LLC</i>		UTA10-000861		8,922	8,922
<i>Pass-Through from Balconies Technologies, LLC</i>		UTA12-000278		64,758	64,758
<i>Pass-Through from Balconies Technologies, LLC</i>		UTA13-000810		35,957	35,957
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1360670		128,968	128,968
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1368074		31,941	31,941
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1393349		127,241	127,241
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1405316		27,396	27,396
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1416374		45,555	45,555
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1423931		9,058	9,058

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
National Aeronautics and Space Administration (continued)					
<i>Propulsion Lab</i>					
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1426782		22,456	22,456
<i>Propulsion Lab</i>					
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1427670		12,155	12,155
<i>Propulsion Lab</i>					
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1427764		78,984	78,984
<i>Propulsion Lab</i>					
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1427884		(3,442)	(3,442)
<i>Propulsion Lab</i>					
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1427999		13,178	13,178
<i>Propulsion Lab</i>					
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1434786		72,675	72,675
<i>Propulsion Lab</i>					
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1439152		26,894	26,894
<i>Propulsion Lab</i>					
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1442658		11,991	11,991
<i>Propulsion Lab</i>					
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1447311		48,746	48,746
<i>Propulsion Lab</i>					
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1448558		19,996	19,996
<i>Propulsion Lab</i>					
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1450036		40,189	40,189
<i>Propulsion Lab</i>					
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1452191		9,371	9,371
<i>Propulsion Lab</i>					
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1454803		40,606	40,606
<i>Propulsion Lab</i>					
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1462240		4,487	4,487
<i>Propulsion Lab</i>					
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1464593		15,272	15,272
<i>Propulsion Lab</i>					
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1466322		20,000	20,000
<i>Propulsion Lab</i>					
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1469941		26,200	26,200
<i>Propulsion Lab</i>					
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1472265		6,451	6,451
<i>Propulsion Lab</i>					
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1473768		59,625	59,625
<i>Propulsion Lab</i>					
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1475398		14,238	14,238
<i>Propulsion Lab</i>					
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1475499		60,689	60,689
<i>Propulsion Lab</i>					
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1478359		164,904	164,904
<i>Propulsion Lab</i>					
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1478584		183,309	183,309
<i>Propulsion Lab</i>					
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1479387		50,001	50,001
<i>Propulsion Lab</i>					
<i>Pass-Through from California Institute of Technology Jet Propulsion Lab</i>		1479726		30,057	30,057
<i>Propulsion Lab</i>					
<i>Pass-Through from Chandra X - Ray Observatory Center</i>		GO2-13130X		178	178
<i>Pass-Through from Columbia University, City of New York</i>		NNX09AE95G		24,422	24,422

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
National Aeronautics and Space Administration (continued)					
<i>Pass-Through from Emergent Space Technologies, Inc.</i>		UTA13-000563		10,342	10,342
<i>Pass-Through from Georgia Inst. of Technology</i>		R0308-G1		8,924	8,924
		NNX09AF67G			
<i>Pass-Through from Georgia Institute of Technology</i>		NNA09DA78A		78,851	78,851
<i>Pass-Through from Hj Science and Tech, Inc.</i>		NNX12GC20P-1		42,827	42,827
<i>Pass-Through from Integrated Micro Sensors</i>		NNX10CA41C		59,527	59,527
<i>Pass-Through from Ithaca College</i>		UTA13-000436		8,303	8,303
<i>Pass-Through from Jet Propulsion Laboratory</i>		NM0711036		97,294	97,294
<i>Pass-Through from Johns Hopkins University</i>		948246 (ILC03)		25,076	25,076
<i>Pass-Through from Kestrel Corporation</i>		211522		11,490	11,490
<i>Pass-Through from Lockheed Martin</i>		BBM006CH9	427,578	44,313	471,891
<i>Pass-Through from Materials Modification, Inc.</i>		NNX12CG33P		17,954	17,954
<i>Pass-Through from Micro Aerospace Solutions, Inc.</i>		UTA13-000519		14,589	14,589
<i>Pass-Through from National Institute of Aerospace</i>		T10-6200-UTEX 6322-UTEX		65,874	65,874
<i>Pass-Through from National Institute of Aerospace</i>		T10-6200-UTEX 6304-UTEX		6,145	6,145
<i>Pass-Through from National Institute of Aerospace</i>		T13-6500-UTEX T.O.6515UTEX		31,016	31,016
<i>Pass-Through from Oregon State University</i>		NS226A-A		4,028	4,028
<i>Pass-Through from PC Krause and Associates, Inc.</i>		PCK- UTA2012NNX39P		24,041	24,041
<i>Pass-Through from Rio Grande Valley Science Association</i>		RGVSA-TX-2011- 00001		24,306	24,306
<i>Pass-Through from Smithsonian Institute</i>		10-SUBC-440- 0000188635; UTA09- 001025		25,585	25,585
<i>Pass-Through from Southwest Research Institute</i>		D99059JD		703	703
<i>Pass-Through from Southwest Research Institute</i>		E99046JD		49,053	49,053
<i>Pass-Through from Space Telescope Science Institute</i>		HST-AR-10981.01-A		19,854	19,854
<i>Pass-Through from Space Telescope Science Institute</i>		HST-AR-12617.02-A		21	21
<i>Pass-Through from Space Telescope Science Institute</i>		HST-AR-12629.01-A		1,676	1,676
<i>Pass-Through from Space Telescope Science Institute</i>		HST-AR-12819.01-A		20,678	20,678
<i>Pass-Through from Space Telescope Science Institute</i>		HST-AR-12820.01-A		58,311	58,311
<i>Pass-Through from Space Telescope Science Institute</i>		HST-EO-12060.97-A		7,484	7,484
<i>Pass-Through from Space Telescope Science Institute</i>		HST-EO-12476.08-A		15,220	15,220
<i>Pass-Through from Space Telescope Science Institute</i>		HST-EO-12629.05		7,994	7,994
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-11211.01-A		51	51
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-11211.01-A AMD2		1,436	1,436
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-11704.02-A		16	16
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-11706.02-A		19,158	19,158
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-12060.99-A		5,513	5,513
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-12754.01-A		4,593	4,593
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-12880.06-A		245	245
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-12896.01-A		9,823	9,823
<i>Pass-Through from Space Telescope Science Institute</i>		HST-GO-13019.02-A		8,129	8,129
<i>Pass-Through from Space Telescope Science Institute</i>		HST-HF-51288.01-A		463	463
<i>Pass-Through from The Boeing Company</i>		785051		33,531	33,531
<i>Pass-Through from The University of Georgia</i>		RR185-433/4943176		11,487	11,487
<i>Pass-Through from United Negro College Fund</i>		NNX09AV017A-PV		14,304	14,304
<i>Pass-Through from Universities Space Research Association</i>		NAS2-97001		1,563	1,563
<i>Pass-Through from University of California - Los Angeles</i>		2090-S-NB315		87,658	87,658
<i>Pass-Through from University of South Florida</i>		2500-1430-00-B, PO 7000025423		5,275	5,275

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
National Aeronautics and Space Administration (continued)					
<i>Pass-Through from University of Tennessee</i>		A12-422-S001		49,863	49,863
<i>Pass-Through from University of Wisconsin - Madison</i>		348K272		44,236	44,236
<i>Pass-Through from Wyle Laboratories</i>		W11AG83012		51,931	51,931
Total - CFDA 43.XXX			1,096,243	10,807,044	11,903,287
Science	43.001		2,718,898	9,343,925	12,062,823
<i>Pass-Through from Alphasense, Inc.</i>		808-3		84,108	84,108
<i>Pass-Through from American College of Sports Medicine</i>		11-0550-461321		1,688	1,688
<i>Pass-Through from American College of Sports Medicine</i>		12-10484-464041		2,369	2,369
<i>Pass-Through from American College of Sports Medicine</i>		12-14654-463461		4,970	4,970
<i>Pass-Through from American College of Sports Medicine</i>		13-12433-467031		4,050	4,050
<i>Pass-Through from Analytical Mechanics Associates, Inc.</i>		NNL12AA09C		160,994	160,994
<i>Pass-Through from Baylor College of Medicine</i>		COOP AGMT #NCC 9-58-587; NSBRI #EO02001		211,815	211,815
<i>Pass-Through from California Institute of Technology</i>		1428150		7,464	7,464
<i>Pass-Through from Chandra X - Ray Observatory Center</i>		GO2-13095X		8,836	8,836
<i>Pass-Through from Columbia University</i>		1(Acct#5-22402)		29,316	29,316
<i>Pass-Through from Dynamic Concepts, Inc.</i>		53T-04-01		23,999	23,999
<i>Pass-Through from Georgetown University</i>		NNX09AU95G		509,623	509,623
<i>Pass-Through from HJ Science and Tech, Inc.</i>		NNX13CP49C-1		8,782	8,782
<i>Pass-Through from Innovative Imaging and Research</i>		NNX12CG40P		14,017	14,017
<i>Pass-Through from Innovative Imaging and Research</i>		NNX13CS14C		20,934	20,934
<i>Pass-Through from Jacobs Technology, Inc.</i>		EN30019FMS		724	724
<i>Pass-Through from Johns Hopkins University</i>		105226		3,919	3,919
<i>Pass-Through from Lunar and Planetary Institute</i>		NNA09DB33A		147,159	147,159
<i>Pass-Through from Materials Modification, Inc.</i>		Agmt C12-00040		50,651	50,651
<i>Pass-Through from Mei Technologies, Inc.</i>		TEE-12-S-396		102,902	102,902
<i>Pass-Through from National Institute of Aerospace</i>		26-3906-20		49	49
<i>Pass-Through from National Space Biomedical Research Institute</i>		67558		10,894	10,894
<i>Pass-Through from National Space Biomedical Research Institute</i>		CA00003		50,326	50,326
<i>Pass-Through from National Space Biomedical Research Institute</i>		CA02801		2,808	2,808
<i>Pass-Through from National Space Biomedical Research Institute</i>		NCC9-58 204		280,888	280,888
<i>Pass-Through from National Space Biomedical Research Institute</i>		NCC958203		100,665	100,665
<i>Pass-Through from National Space Biomedical Research Institute</i>		NCC95849	337,019	146,007	483,026
<i>Pass-Through from Paragon Tec, Inc.</i>		51711		73,329	73,329
<i>Pass-Through from Pennsylvania State University</i>		4493-UTA-NASA- V42G NNX09AV42G		1,867	1,867
<i>Pass-Through from Physics, Materials, and Applied Mathematics Research, LLC</i>		NNX10CB65C		83,129	83,129
<i>Pass-Through from Privatran, LLC</i>		FA9453-12-M-0058		236	236
<i>Pass-Through from Purdue University</i>		NNX12AL49G		54,427	54,427
<i>Pass-Through from San Diego State University Foundation</i>		SA0000185		18,792	18,792
<i>Pass-Through from Seti Institute</i>		08-SC-1040		12,897	12,897
<i>Pass-Through from Signal Processing, Inc.</i>		SUB 1331		(174)	(174)
<i>Pass-Through from Smithsonian Astrophysical Observatory</i>		ARO-11008A		27,856	27,856
<i>Pass-Through from Smithsonian Astrophysical Observatory</i>		PRIME:NAS8-03060			
<i>Pass-Through from Smithsonian Astrophysical Observatory</i>		G01-12132X		2,298	2,298
<i>Pass-Through from Smithsonian Astrophysical Observatory</i>		G00-11075A		115,042	115,042
<i>Pass-Through from Smithsonian Astrophysical Observatory</i>		PRIME:NAS8-03060			
<i>Pass-Through from Smithsonian Astrophysical Observatory</i>		G00-11076X		52,383	52,383
<i>Pass-Through from Smithsonian Astrophysical Observatory</i>		PRIME:NAS8-03060			
<i>Pass-Through from Smithsonian Astrophysical Observatory</i>		G01-12077X		1,809	1,809

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
National Aeronautics and Space Administration (continued)					
<i>Pass-Through from Smithsonian Astrophysical Observatory</i>		PRIME: NAS8-03060 GO2-13120X		18,208	18,208
<i>Pass-Through from South Dakota State University</i>		3TB135/EUGENIO ARIMA		17,266	17,266
<i>Pass-Through from Southwest Research Institute</i>		B99081BT-RANDOL		(2,684)	(2,684)
<i>Pass-Through from Southwest Research Institute</i>		D99081X - LLERA		34,113	34,113
<i>Pass-Through from Southwest Research Institute</i>		E99076XSWRI- BROILES		22,801	22,801
<i>Pass-Through from Southwest Research Institute</i>		GROTHEER-E99083X		19,874	19,874
<i>Pass-Through from Southwest Research Institute</i>		SOUTHWEST RESEARCH INSTITUTE		9,484	9,484
<i>Pass-Through from Southwest Research Institute</i>		SWRI - LLERA	33		33
<i>Pass-Through from Southwest Research Institute</i>		SWRI- E99072X		33,358	33,358
<i>Pass-Through from Southwest Research Institute</i>		SWRI-CLARK E99080X		73,716	73,716
<i>Pass-Through from Southwest Research Institute</i>		SWRI-E99075X		34,058	34,058
<i>Pass-Through from Southwest Research Institute</i>		SWRI-E99079X		34,108	34,108
<i>Pass-Through from Southwest Research Institute</i>		SWRI-EGERT E99081X		34,054	34,054
<i>Pass-Through from Southwest Research Institute</i>		SWRI-GRUBBS E99078X		34,054	34,054
<i>Pass-Through from Southwest Research Institute</i>		SWRI-NARANJO		26,342	26,342
<i>Pass-Through from Southwest Research Institute</i>		SWRI-VINES		34,096	34,096
<i>Pass-Through from Space Environment Technologies, LLC</i>		CG-2012-3		86,921	86,921
<i>Pass-Through from Stanford University</i>		28879900-49920-A		20,285	20,285
<i>Pass-Through from Tao of Systems Integration, Inc.</i>		Agmt 11-0662		42,505	42,505
<i>Pass-Through from The Boeing Company</i>		706261		49,319	49,319
<i>Pass-Through from The University of Georgia</i>		RR185-447/4944326		1,981	1,981
<i>Pass-Through from United Negro College Fund, Inc.</i>		NNX09AV17A		28,736	28,736
<i>Pass-Through from Universities Space Research Association</i>		02173-07		7,040	7,040
<i>Pass-Through from Universities Space Research Association</i>		05717-003		22,525	22,525
<i>Pass-Through from Universities Space Research Association</i>		NNJ11HE31A		263,943	263,943
<i>Pass-Through from University of Arizona</i>		82726		2,898	2,898
<i>Pass-Through from University of Maryland - Baltimore</i>		7336		46,601	46,601
<i>Pass-Through from University of Maryland - College Park</i>		Z7680601		39,847	39,847
<i>Pass-Through from University of New Mexico</i>		04806V-874F NNX11AG91G		104,161	104,161
<i>Pass-Through from University of New Mexico</i>		04806V-87Q1		57,705	57,705
<i>Pass-Through from Vectornav Technologies, LLC</i>		Agmt C12-00414		15,585	15,585
<i>Pass-Through from Woods Hole Oceanographic Institute</i>		A100911		85,389	85,389
<i>Pass-Through from Wyle Integrated Science and Engineering Group</i>		NAS 9-02078	13,653	1,747,830	1,761,483
<i>Pass-Through from Wyle Laboratories</i>		AOP4300-022-02		1	1
<i>Pass-Through from Wyle Science, Technology and Engineering Group</i>		T717370011		2,521	2,521
<i>Pass-Through from Wyle Science, Technology and Engineering Group</i>		T717370013		1,040	1,040
<i>Pass-Through from Wyle Science, Technology and Engineering Group</i>		T717370014		4,165	4,165
Total - CFDA 43.001			3,069,570	14,831,652	17,901,222
Aeronautics	43.002			3,624,590	3,624,590
<i>Pass-Through from Johns Hopkins University</i>		948246		40,747	40,747
<i>Pass-Through from Kestrel Technology, LLC</i>		KT-AA07C-TTU		57,856	57,856
<i>Pass-Through from Lockheed Martin</i>		NNJ10GA35C	30,699	17,911	48,610
<i>Pass-Through from Lynntech, Inc.</i>		B8480		30,693	30,693
<i>Pass-Through from The Boeing Company</i>		428650		34,952	34,952
<i>Pass-Through from Txl Group, Inc.</i>		2010-0553		(356)	(356)
<i>Pass-Through from University of California - San Diego</i>		10294004		13,772	13,772

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
National Aeronautics and Space Administration (continued)					
<i>Pass-Through from University of Colorado - Boulder</i>		154-5057; SPO# 0000068973		2,805	2,805
Total - CFDA 43.002			30,699	3,822,970	3,853,669
Exploration	43.003		45,903	1,412,063	1,457,966
<i>Pass-Through from National Space Biomedical Research Institute</i>		NATARAJAN NSBRI	22,798	235,404	258,202
<i>Pass-Through from National Space Grant Foundation</i>		2013-ESMD-XHAB- 02 (PRIME: NNX10AJ76A)		42,666	42,666
<i>Pass-Through from National Space Grant Foundation</i>		CHECK #4094		637	637
Total - CFDA 43.003			68,701	1,690,770	1,759,471
Space Operations	43.007			100,708	100,708
Education	43.008		1,205,436	1,724,152	2,929,588
<i>Pass-Through from University of Alabama - Huntsville</i>		Agmt SUB2012-053		31,294	31,294
Total - CFDA 43.008			1,205,436	1,755,446	2,960,882
Cross Agency Support	43.009			1,890,930	1,890,930
Total - National Aeronautics and Space Administration			5,470,649	34,899,520	40,370,169
National Endowment For The Humanities					
Promotion of the Arts Grants to Organizations and Individuals	45.024		10,876	9,086	19,962
Promotion of the Humanities Federal/State Partnership	45.129			1,000	1,000
<i>Pass-Through from Humanities Texas</i>		2013-4468		5,108	5,108
<i>Pass-Through from Humanities Texas</i>		8000001923		1,839	1,839
<i>Pass-Through from Humanities Texas</i>		Agrmt Dated 2/5/13			
Total - CFDA 45.129			0	7,947	7,947
Promotion of the Humanities Division of Preservation and Access	45.149			76,561	76,561
<i>Pass-Through from Educopia Institute</i>		GN0003855		17,978	17,978
<i>Pass-Through from Vanderbilt University</i>		22806-S3			
Total - CFDA 45.149			0	94,539	94,539
Promotion of the Humanities Fellowships and Stipends	45.160			62,909	62,909
<i>Pass-Through from Ohomundro Institute of Early American History</i>		10-0902-426086		4,148	4,148
Total - CFDA 45.160			0	67,057	67,057
Promotion of the Humanities Research	45.161			50,383	50,383
Promotion of the Humanities Teaching and Learning Resources and Curriculum Development	45.162			117	117
Promotion of the Humanities Office of Digital Humanities	45.169		20,000	41,864	61,864
Grants to States	45.310			25,848	25,848
National Leadership Grants	45.312			329,238	329,238

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
National Endowment For The Humanities (continued)					
Laura Bush 21st Century Librarian Program	45.313		18,999	308,511	327,510
<i>Pass-Through from Institute of Museum and Library Services</i>		RE-02-08-0005-08		327,315	327,315
Total - CFDA 45.313			18,999	635,826	654,825
Total - National Endowment For The Humanities			49,875	1,261,905	1,311,780
National Science Foundation					
National Science Foundation	47.XXX	1331545 IIP		9,407	9,407
		1134849 AMD 011			
		A STUDY OF		(25,521)	(25,521)
		SHALLOW-WATER			
		WAVES			
		DMR-1219772 (IPA)		167,817	167,817
		IIS-1249442		156,178	156,178
		N41756-12-C-4806		254,009	254,009
<i>Pass-Through from American Education Research Association</i>		UTA12-001231		6,128	6,128
<i>Pass-Through from Carnegie Institution of Washington</i>		GMTO-100507B		26,124	26,124
<i>Pass-Through from Consortium for Ocean Leadership</i>		T317A59 Order		8,497	8,497
<i>Pass-Through from Consortium for Ocean Leadership</i>		T330A59		103	103
<i>Pass-Through from Consortium for Ocean Leadership</i>		T338A59		7,334	7,334
<i>Pass-Through from Consortium for Ocean Leadership</i>		T338B59		32,102	32,102
<i>Pass-Through from Consortium for Ocean Leadership</i>		T343A59		12,315	12,315
<i>Pass-Through from Indiana University</i>		IUB-4812439-UTA; PO# 734307		233,899	233,899
<i>Pass-Through from Integrated Ocean Drilling Prog.</i>		IODP-MI-09-03	603	9,249	9,852
<i>Pass-Through from Samuel Roberts Noble Foundation, Inc.</i>		GN0005967		19,886	19,886
<i>Pass-Through from Stevens Institute of Technology</i>		7170 UTA11-000370		2,932	2,932
<i>Pass-Through from Woods Hole Research Institute</i>		WHRC-MG0917-01		29,863	29,863
Total - CFDA 47.XXX			603	950,322	950,925
Engineering Grants	47.041		1,586,851	31,972,929	33,559,780
<i>Pass-Through from Advanced Cooling Technology, Inc.</i>		PO #14011 IIP- 1127293		56,531	56,531
<i>Pass-Through from Advanced Materials and Processes</i>		0924122/SUB: 11-1		4,320	4,320
<i>Pass-Through from Amethyst Research, Inc.</i>		IIP-0724233		173	173
<i>Pass-Through from Arizona State University</i>		13-959		11,832	11,832
<i>Pass-Through from Arizona State University</i>		EEC-1041895		195,010	195,010
<i>Pass-Through from Arradance, Inc.</i>		PO# 08.2236		2,634	2,634
<i>Pass-Through from Auburn University</i>		11-AS-360034-UTHSC		43,199	43,199
<i>Pass-Through from Carnegie Mellon University</i>		1120855-186141		(34)	(34)
<i>Pass-Through from Case Western Reserve University</i>		CMMI-1000768		16,703	16,703
<i>Pass-Through from Colorado State University</i>		G-3269-1		19,366	19,366
<i>Pass-Through from Cornell University</i>		44771-7476		967,803	967,803
<i>Pass-Through from Cornell University</i>		LA #003		14,456	14,456
<i>Pass-Through from E Paint Company</i>		IIP-1248681		33,792	33,792
<i>Pass-Through from Endometric, LLC</i>		0956847		(3,462)	(3,462)
<i>Pass-Through from Florida State University</i>		0807525		10,000	10,000
<i>Pass-Through from Georgia Institute of Technology</i>		RA063-G2		4,011	4,011
<i>Pass-Through from Georgia Institute of Technology</i>		RB009-G1		50,670	50,670
<i>Pass-Through from Georgia Tech Applied Research Corporation</i>		R0741-G1		26,642	26,642
<i>Pass-Through from Indian Hills Community College</i>		119447		149	149
<i>Pass-Through from Indian River State College</i>		201200044497		597	597
<i>Pass-Through from Integrated Micro Sensors</i>		1026825		3,953	3,953

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
National Science Foundation (continued)					
<i>Pass-Through from Los Alamos National Laboratory</i>		237617-1		26,211	26,211
<i>Pass-Through from Mesa Photonics</i>		UTA13-000048		14,223	14,223
<i>Pass-Through from Northeastern University - Boston</i>		501947-078050		26,037	26,037
<i>Pass-Through from Omega Optics</i>		UTA11-001008		53,174	53,174
<i>Pass-Through from Pennsylvania State University</i>		CBET-0967062		58,491	58,491
<i>Pass-Through from Physics, Materials, and Applied Mathematics Research, LLC</i>		8036-S1		2,421	2,421
<i>Pass-Through from Princeton University</i>		00001217		211,265	211,265
<i>Pass-Through from Purdue University</i>		4101-19919		(94)	(94)
<i>Pass-Through from Purdue University</i>		NEES-4101-31903		972,810	972,810
<i>Pass-Through from Purdue University</i>		NEES-4101-31914		120,033	120,033
<i>Pass-Through from Rochal Industries</i>		1228399		17,602	17,602
<i>Pass-Through from Selenium Ltd</i>		SBIR2-TTU		17,605	17,605
<i>Pass-Through from Sentinel Photonics</i>		UTA13-000473		4,300	4,300
<i>Pass-Through from Southern Methodist University</i>		G001139-7501		73,917	73,917
<i>Pass-Through from Tevido Biodevices, LLC</i>		IIP-124845		15,470	15,470
<i>Pass-Through from Universal Technology Corporation</i>		12-S2603-20-C1		68,683	68,683
<i>Pass-Through from University of California - Berkeley</i>		00007900		28,326	28,326
<i>Pass-Through from University of California - Berkeley</i>		8204		61,245	61,245
<i>Pass-Through from University of California - Riverside</i>		CBET-1144237 01		47,992	47,992
<i>Pass-Through from University of Central Florida</i>		UCF01-0000240292		380	380
<i>Pass-Through from University of Georgia</i>		RC398 103 4691368		3,769	3,769
<i>Pass-Through from University of Kansas Center for Research, Inc.</i>		FY2011-033		42,250	42,250
<i>Pass-Through from University of Massachusetts</i>		13 007358 E 00 PRIME: IIP1237767		16,503	16,503
<i>Pass-Through from University of Massachusetts - Amherst</i>		13 007358C		20,117	20,117
<i>Pass-Through from University of Texas at Dallas</i>		120019/CBET-1105524		33,107	33,107
<i>Pass-Through from Virginia Tech University</i>		478496-19433		47,944	47,944
<i>Pass-Through from Virginia Tech University</i>		478871-19433		93,359	93,359
<i>Pass-Through from Zel Technologies, LLC</i>		7215-TEES-12		16,993	16,993
Total - CFDA 47.041			1,586,851	35,525,407	37,112,258
Mathematical and Physical Sciences	47.049		752,248	25,997,752	26,750,000
<i>Pass-Through from Carnegie Institution of Washington</i>		7-10220-01 (1008343)		10,399	10,399
<i>Pass-Through from Case Western Reserve University</i>		DMR-0423914; UTA06-623		504,585	504,585
<i>Pass-Through from Case Western Reserve University</i>		DMR-0423914; UTA11-288		51,679	51,679
<i>Pass-Through from Case Western Reserve University</i>		BONNECAZE DMR-0423914; UTA11-289 ELLISON		98,512	98,512
<i>Pass-Through from Columbia University</i>		1 (GG009299)		100	100
<i>Pass-Through from Columbia University, City of New York</i>		13/#5-25191 PRIME: PHY1119200		620,438	620,438
<i>Pass-Through from Columbia University, City of New York</i>		13/#GG006141 PRIME: PHY1119200		147,741	147,741
<i>Pass-Through from Columbia University, City of New York</i>		15/5-24324 PR: PHY- 06-12811		(73,454)	(73,454)
<i>Pass-Through from Columbia University, City of New York</i>		5(GG009028) PR: BNL-221654		444,775	444,775
<i>Pass-Through from Georgia State University</i>		0725267		844	844
<i>Pass-Through from Harvard University</i>		133485-01		582	582
<i>Pass-Through from Institute for Advanced Study</i>		EHR-0314808	120,752	456,238	576,990

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
National Science Foundation (continued)					
<i>Pass-Through from Mathematical Association of America</i>		2013-0260		26,806	26,806
<i>Pass-Through from Notre Dame University - Erasmus Institute</i>		PHY -1219444		1,000	1,000
<i>Pass-Through from Ohio State University</i>		60024878/GRT00018860		90,102	90,102
<i>Pass-Through from Ohio State University</i>		CHE-1213646		27,680	27,680
<i>Pass-Through from Ohio State University, Columbus</i>		60034168		96,992	96,992
<i>Pass-Through from Princeton University</i>		00002014		45,890	45,890
<i>Pass-Through from Princeton University</i>		1591		45,040	45,040
<i>Pass-Through from Princeton University</i>		1884		27,264	27,264
<i>Pass-Through from Princeton University</i>		1885		30,207	30,207
<i>Pass-Through from Princeton University</i>		PHY-0919363		11,116	11,116
<i>Pass-Through from University of California - Los Angeles</i>		0518-G-KB563		140,411	140,411
<i>Pass-Through from University of Colorado - Boulder</i>		1548562; PO# 1000027641		594	594
<i>Pass-Through from University of Michigan</i>		3002099272		31,772	31,772
<i>Pass-Through from University of Michigan</i>		3002558313		27,654	27,654
<i>Pass-Through from University of Minnesota</i>		DMS-0931945		7,000	7,000
<i>Pass-Through from University of Oregon</i>		206381L PRIME: PHY-0529471		3,857	3,857
<i>Pass-Through from University of Tennessee - Knoxville</i>		A13-0253-S001		40,055	40,055
<i>Pass-Through from University of Washington</i>		GN0004772		24,241	24,241
<i>Pass-Through from University of Wisconsin</i>		268K763		11,039	11,039
<i>Pass-Through from Wesleyan University</i>		FRS520159		166	166
<i>ARRA - Mathematical and Physical Sciences</i>					
<i>Pass-Through from Ohio State University</i>		CHE-0911354		27,830	27,830
Total - CFDA 47.049			873,000	28,976,907	29,849,907
Geosciences	47.050		870,824	9,737,492	10,608,316
<i>Pass-Through from Boston University</i>		4500000046 PRIME: AGS-0120950		10,808	10,808
<i>Pass-Through from Carlton College</i>		DUE-1125331		22,918	22,918
<i>Pass-Through from Columbia University</i>		3 (GC002456)		125,617	125,617
<i>Pass-Through from Consortium for Ocean Leadership</i>		BA 86 T335A86		11	11
<i>Pass-Through from Consortium for Ocean Leadership</i>		SA12-13		(228)	(228)
<i>Pass-Through from Consortium for Ocean Leadership</i>		T341A59		17,698	17,698
<i>Pass-Through from El Paso Community College</i>		21708-F21708-71845		2,000	2,000
<i>Pass-Through from Joint Oceanographic Institutions, Inc.</i>		OCE-0652315		46,238	46,238
<i>Pass-Through from Lake Superior State University</i>		20653201301 1313558		21,279	21,279
<i>Pass-Through from Michigan State University</i>		090303Z1		4,020	4,020
<i>Pass-Through from National Academy of Sciences</i>		PGA-P210873		59,113	59,113
<i>Pass-Through from Penn State University</i>		4831-UTEP-NSF-9285		429	429
<i>Pass-Through from Purdue University</i>		4101-49945		58,136	58,136
<i>Pass-Through from Research Institutions for Seismology, Inc.</i>		44-PAS		218,994	218,994
<i>Pass-Through from San Francisco State University</i>		S9-94557		113,774	113,774
<i>Pass-Through from University of Georgia</i>		OCE0620959		50,694	50,694
<i>Pass-Through from University of Georgia</i>		OCE1237140		35,287	35,287
<i>Pass-Through from University of Minnesota</i>		T5366216013		99,591	99,591
<i>Pass-Through from University of Southern California</i>		10002296		15,696	15,696
<i>Pass-Through from University of Southern California</i>		33425379		17,045	17,045
<i>Pass-Through from University of Southern California</i>		34379431		11,634	11,634
<i>Pass-Through from University of Southern California</i>		Y88409		6,492	6,492
<i>Pass-Through from University of Wyoming</i>		100180 PRIME: EAR- 1119005		113,648	113,648
Total - CFDA 47.050			870,824	10,788,386	11,659,210

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
National Science Foundation (continued)					
Computer and Information Science and Engineering	47.070		488,357	23,389,764	23,878,121
<i>Pass-Through from American Association for the Advance of Science</i>		2013-0076		8,472	8,472
<i>Pass-Through from Computing Research Association</i>		CIF-D-007		19,213	19,213
<i>Pass-Through from Miami Dade College</i>		CNS-0940575	21,690	279,312	301,002
<i>Pass-Through from Miami Dade College</i>		WJ00086450	27,206	8,482	35,688
<i>Pass-Through from Purdue University</i>		4101-47540		64,701	64,701
<i>Pass-Through from Spectral Md</i>		SMD1212001		37,243	37,243
<i>Pass-Through from Tulane University</i>		TUL-660-12/13		22,969	22,969
<i>Pass-Through from University of Colorado - Boulder</i>		1549808/1000144247		80,124	80,124
<i>Pass-Through from University of Massachusetts - Amherst</i>		CNS-1128122		34,170	34,170
Total - CFDA 47.070			537,253	23,944,450	24,481,703
Biological Sciences	47.074		934,656	15,802,226	16,736,882
<i>Pass-Through from American Museum of Natural History</i>		NYBG-1115104-02- UT		12,252	12,252
<i>Pass-Through from American Society for Biochemistry</i>		8000001843		2,000	2,000
<i>Pass-Through from Indiana University</i>		BL-4812471-UTA; PO# 1073425		46,677	46,677
<i>Pass-Through from Iowa State University</i>		420-40-45E		6,972	6,972
<i>Pass-Through from Michigan State University</i>		61-2075UT		468,803	468,803
<i>Pass-Through from North Carolina State University</i>		2010-1450-01		115,738	115,738
<i>Pass-Through from Portland State University</i>		201HIL319		10,714	10,714
<i>Pass-Through from Portland State University</i>		MCB43963		20,458	20,458
<i>Pass-Through from Purdue University</i>		4101-19823		25,188	25,188
<i>Pass-Through from Purdue University</i>		4101-25125		(6,277)	(6,277)
<i>Pass-Through from Samuel Roberts Noble Foundation, Inc.</i>		2012-934-003		123,368	123,368
<i>Pass-Through from Stratus Consulting</i>		S087-1C-1667		211,705	211,705
<i>Pass-Through from Stratus Consulting</i>		Z200-2S-1858		9,137	9,137
<i>Pass-Through from University of Arizona</i>		Y551899		1,695,021	1,695,021
<i>Pass-Through from University of California - Riverside</i>		S-0000335		1,835	1,835
<i>Pass-Through from University of Illinois</i>		2009-03499-03		62,013	62,013
<i>Pass-Through from University of Minnesota</i>		H001389101		191,944	191,944
<i>Pass-Through from University of Minnesota</i>		H003254003		79,970	79,970
<i>Pass-Through from University of Utah</i>		10028702		1,358	1,358
<i>Pass-Through from University of Wisconsin - Madison</i>		427K265		54,544	54,544
<i>Pass-Through from US Long Term Ecological Research Network</i>		114267		22,590	22,590
<i>Pass-Through from Wake Forest University</i>		08-006		3,541	3,541
Total - CFDA 47.074			934,656	18,961,777	19,896,433
Social, Behavioral, and Economic Sciences	47.075		191,810	3,510,128	3,701,938
<i>Pass-Through from American Bar Foundation</i>		S2012-1 (SES- 1228345)		29,857	29,857
<i>Pass-Through from Association for Institutional Research</i>		RG12-54		18,286	18,286
<i>Pass-Through from Carnegie Mellon University</i>		1121603-280803		1,865	1,865
<i>Pass-Through from Gallaudet University</i>		0000018428; UTA10- 000365		8,375	8,375
<i>Pass-Through from Gordon Research Seminar on Science and Technology</i>		N/A		916	916
<i>Pass-Through from Morehead State University</i>		2010-11-204-001		81,323	81,323
<i>Pass-Through from Rand Corporation</i>		9920110077		24,389	24,389
<i>Pass-Through from University of Cincinnati</i>		008149 PRIME: BCS- 1247971		17,078	17,078

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
National Science Foundation (continued)					
<i>Pass-Through from Yale University</i>		C09D10191		11,935	11,935
Total - CFDA 47.075			191,810	3,704,152	3,895,962
Education and Human Resources	47.076		742,721	21,424,802	22,167,523
<i>Pass-Through from American Institute of Mathematics</i>		20295B		6,000	6,000
<i>Pass-Through from Botanical Society of America</i>		01-TX-0733280		99,010	99,010
<i>Pass-Through from Council of Graduate Schools</i>		12-10907-460321		27,725	27,725
<i>Pass-Through from Florida Agriculture and Mechanical University</i>		MOU DATED 8/31/07		207,476	207,476
<i>Pass-Through from Florida Institute of Technology</i>		201619 (NSF OCE-1219804)		27,187	27,187
<i>Pass-Through from Kent State University</i>		402016UTA DUE-1140980(PRIME)		7,842	7,842
<i>Pass-Through from National Council for Science and Environ.</i>		DUE-095039		(194)	(194)
<i>Pass-Through from Northwestern University</i>		SP0009801-PROJ0002725		17,905	17,905
<i>Pass-Through from Purdue University</i>		4101-31776		54,252	54,252
<i>Pass-Through from Quality Education for Minorities Network</i>		C11-00825		7,481	7,481
<i>Pass-Through from Tennessee Technological University</i>		1022934		8,649	8,649
<i>Pass-Through from University of Illinois - Chicago</i>		2009-03942-04-00		130,199	130,199
<i>Pass-Through from University of Virginia</i>		GA10874-136594	3,400	76,099	79,499
<i>Pass-Through from Wright State University</i>		PSP06882		9,823	9,823
<i>Pass-Through from Wright State University</i>		PSP06909		2,101	2,101
Total - CFDA 47.076			746,121	22,106,357	22,852,478
Polar Programs	47.078		30,151	1,462,168	1,492,319
<i>Pass-Through from Ch2m Hill Polar Services</i>		815732		268,513	268,513
Total - CFDA 47.078			30,151	1,730,681	1,760,832
Office of International and Integrative Activities	47.079		117,101	422,994	540,095
<i>Pass-Through from Cjdf Global</i>		RUP1-7025-CG-11		11,895	11,895
<i>Pass-Through from Civilian Res and Dev Foundation</i>		ESP1-7030-TR-11		4,528	4,528
<i>Pass-Through from Johns Hopkins University</i>		2001648885		9,467	9,467
<i>Pass-Through from Rensselaer Polytechnic Institute</i>		B10537		94,232	94,232
Total - CFDA 47.079			117,101	543,116	660,217
Office of Cyberinfrastructure	47.080		1,075,293	35,085,956	36,161,249
<i>Pass-Through from Arizona Geological Survey</i>		NSF-1256235UT; PO #BGS13262		5,689	5,689
<i>Pass-Through from California Institute of Technology</i>		42B-1093324 PRIME: 1246133		2,187	2,187
<i>Pass-Through from Carnegie Mellon University</i>		1120953-238839		76,982	76,982
<i>Pass-Through from Indiana University</i>		BL-4812459-UTHSC/OCI		7,193	7,193
<i>Pass-Through from San Diego State University</i>		55291A7802		2,012	2,012
<i>Pass-Through from University North Carolina at Chapel Hill</i>		5-37180		7,451	7,451
<i>Pass-Through from University of Chicago</i>		41994-K		(40)	(40)
<i>Pass-Through from University of Georgia</i>		RR197-017/4941206		1,900	1,900
<i>Pass-Through from University of Illinois - Champaign - Urbana</i>		2009-02232-04		162,617	162,617
<i>Pass-Through from University of Illinois - Champaign - Urbana</i>		2009-06519-02; GRANT CODE: A2685		(527)	(527)

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
National Science Foundation (continued)					
<i>Pass-Through from University of Illinois - Champaign - Urbana</i>		2011-00318-08; ILLINOIS GRANT CODE: A1536		3,941,117	3,941,117
<i>Pass-Through from University of Illinois - Champaign - Urbana</i>		2011-03885-03; ILLINOIS GRANT CODE: A1101		90,541	90,541
<i>Pass-Through from University of Southern California</i>		i10341		39,614	39,614
<i>Pass-Through from Utah State University</i>		12008204		34,095	34,095
<i>Pass-Through from Virginia Polytechnic Institute and State University</i>		478455-19902		14,970	14,970
Total - CFDA 47.080			1,075,293	39,471,757	40,547,050
Trans-NSF Recovery Act Research Support	47.082			2,258	2,258
<i>Pass-Through from Ebcon</i>		225514-01-1		23,340	23,340
ARRA - Trans-NSF Recovery Act Research Support			1,588,303	13,863,354	15,451,657
<i>Pass-Through from Auburn University</i>		11CVM219045UTMB		106,975	106,975
<i>Pass-Through from Bbn Technology Corp.</i>		9500010196		11,323	11,323
<i>Pass-Through from Carnegie Mellon University</i>		1121342-275999		62,408	62,408
<i>Pass-Through from Colorado School of Mines</i>		400029		43,859	43,859
<i>Pass-Through from Cornell University</i>		ECCS0941561		4,504	4,504
<i>Pass-Through from Indiana University</i>		IUB-4823526-UT		9,699	9,699
<i>Pass-Through from New Mexico Institute of Mining and Technology</i>		GN4002.GF4066.SubN MI		512	512
<i>Pass-Through from Tulane University</i>		TUL-587-09/10		84,379	84,379
<i>Pass-Through from University of Florida</i>		UF12066		216,771	216,771
<i>Pass-Through from University of Louisiana at Lafayette</i>		10-0215		160,512	160,512
<i>Pass-Through from University of North Dakota</i>		IOS-0845741		170,736	170,736
<i>Pass-Through from University of Washington</i>		700069Z		37,809	37,809
Total - CFDA 47.082			1,588,303	14,798,439	16,386,742
Total - National Science Foundation			8,551,966	201,501,751	210,053,717
Small Business Administration					
Small Business Development Centers	59.037				
<i>Pass-Through from Dallas Co. Community Coll Dist.</i>		26-3906-75		141,423	141,423
<i>Pass-Through from Dallas Co. Community Coll Dist.</i>		SBAHQ-12-B-0051		22,548	22,548
Total - CFDA 59.037			0	163,971	163,971
Total - Small Business Administration			0	163,971	163,971
U.S. Department of Veterans Affairs					
U.S. Department of Veterans Affairs	64.XXX	580-D25111 - 580-D35026		16,984	16,984
		580-D35027		35,054	35,054
		671/151 - IPA		24,514	24,514
		671-D26064 / 671/151 - IPA		11,184	11,184
		ABBOUD/IPAA/BHA NDARI		13,289	13,289
		ABBOUD/IPAA/VEL AGAPU		30,263	30,263
		ABBOUD/IPAA/VIS WANAD		15,454	15,454

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Veterans Affairs (continued)					
		ABBOUD/IPAA/YI		55,900	55,900
		AGUIAR/IPAA/ORTE GA		23,045	23,045
		AGUIAR/IPAA/WANG		23,390	23,390
		AHUJA/IPAA/CARRILLO		45,684	45,684
		AHUJA/IPAA/CASTIBLAN		54,497	54,497
		AHUJA/IPAA/CATANO		77,593	77,593
		AHUJA/IPAA/HARPER		5,791	5,791
		AHUJA/IPAA/HE		24,134	24,134
		AHUJA/IPAA/JIMENEZ		22,576	22,576
		AHUJA/IPAA/KOPPELAAR		19,839	19,839
		AHUJA/IPAA/MANOHRAN		32,664	32,664
		AHUJA/IPAA/MARTINEZ		20,616	20,616
		AHUJA/IPAA/PHAM		5,794	5,794
		BASLER/IPAA/NANEZ		7,312	7,312
		BLOCK/IPAA/FRIEDRICH		55,419	55,419
		BLOCK/IPAA/KUMAR		62,521	62,521
		CAVAZOS/IPAA/JAIME		26,554	26,554
		CHATTERJEE/IPAA/MIRK		26,740	26,740
		CHATTERJEE/IPAA/SONG		85,939	85,939
		CHEN/IPAA/DAI		24,150	24,150
		CHEN/IPAA/LU		10,443	10,443
		CHEN/IPAA/MONTIER		12,638	12,638
		CHEN/IPAA/ZHANG		(4,675)	(4,675)
		CHOUDHURY/IPAA/ NANCE		1,786	1,786
		CLARK/IPAA/AKOU LOUZA		11,276	11,276
		CLARK/IPAA/GAMEZ		58,361	58,361
		CLARK/IPAA/VALENTE		68,269	68,269
		DELGADO/IPAA/HE NDRIC		23,055	23,055
		DUONG/IPAA/DELA GARZA		44,247	44,247
		DUONG/IPAA/LI		6,219	6,219
		ESPINOZA/IPAA/HALADE		5,564	5,564
		ESPINOZA/IPAA/MA CCAR		2,105	2,105
		ESPINOZA/IPAA/MORIS		20,281	20,281
		ESPINOZA/IPAA/NOEL		8,824	8,824
		ESPINOZA/IPAA/WANG		3,407	3,407
		FANTI/IPAA/CORNELL		6,833	6,833
		FANTI/IPAA/CUNNI NGHA		43,447	43,447
		FANTI/IPAA/FOLLI		10,646	10,646
		FANTI/IPAA/GROSS		4,342	4,342
		FANTI/IPAA/HU		36,505	36,505
		FELDMAN/IPAA/AS MIS		3,254	3,254
		FELDMAN/IPAA/HA LANEY		31,900	31,900
		FOX/IPAA/ACHESO		(1,787)	(1,787)
		FOX/IPAA/ZHANG		37,129	37,129

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Veterans Affairs (continued)					
		FRAZER/IPAA/ADEN IJI		30,039	30,039
		FRAZER/IPAA/BENM ANSO		32,934	32,934
		FREEMAN/IPAA/CAO		3,703	3,703
		FREEMAN/IPAA/HILL		20,696	20,696
		FREEMAN/IPAA/KO LAPAR		43,334	43,334
		FREEMAN/IPAA/ZHAO		6,615	6,615
		GHOSH- C/IPAA/ESPARZA		8,529	8,529
		GHOSH- CHOUD/IPAA/CUI		6,658	6,658
		GHOSH- CHOUDHURY/IPAA		79,816	79,816
		HABIB/IPAA/LIANG		41,407	41,407
		HABIB/IPAA/SALAS		30,891	30,891
		HABIB/IPAA/TIZANI		1,325	1,325
		HABIB/IPAA/YADA		(1,835)	(1,835)
		HART/IPAA/CAO		61,892	61,892
		HART/IPAA/HOLLOWAY		49,452	49,452
		HAZUDA/IPAA/HEN DRICK		13,066	13,066
		HAZUDA/IPAA/JONES		24,279	24,279
		HAZUDA/IPAA/MAC CARTH		21,277	21,277
		HAZUDA/IPAA/RUSSELL		35,040	35,040
		HORNSBY/IPAA/GA LVAN		5,632	5,632
		HORNSBY/IPAA/MISHRA		50,363	50,363
		HORNSBY/IPAA/QIU		22,495	22,495
		HORNSBY/IPAA/TA RDIF		8,707	8,707
		IPAA FOR LINDALONG		13,882	13,882
		JENKINSON/IPAA/WINNI		25,559	25,559
		KAMAT/IPAA/SHI		8,927	8,927
		KAMAT/IPAA/SHU		21,633	21,633
		KASINATH/IPAA/LEE		44,960	44,960
		KASINATH/IPAA/M ARIAP		42,726	42,726
		KASINATH/IPAA/N ATARA		49,556	49,556
		KUMAR/IPAA/LI		58,240	58,240
		KUMAR/IPAA/RIVA LI/IPAA/CHANDU		43,709	43,709
		LI/IPAA/CHEN		5,614	5,614
		LI/IPAA/LAI		13,773	13,773
		LI/IPAA/LAING		5,016	5,016
		LI/IPAA/LIU		3,715	3,715
		LI/IPAA/ROHRABAUGH		5,669	5,669
		LI/IPAA/YANG		37,862	37,862
		LINDSEY/IPAA/DAI		48,364	48,364
		MUSI/IPAA/ORSAK		18,699	18,699
		N/A		65,657	65,657
				16,060	16,060

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Veterans Affairs (continued)					
		NOEL/IPAA/JONES		5,302	5,302
		PATTERSON/IPAA/K ELLY		27,390	27,390
		PUGH/IPAA/DAVAL ATH		(82)	(82)
		PUGH/IPAA/ELIZON DO		35,183	35,183
		PUGH/IPAA/FRANK LIN		22,264	22,264
		PUGH/IPAA/LANHAM		20,633	20,633
		PUGH/IPAA/MCMILLAN		59,772	59,772
		PUGH/IPAA/NOEL		818	818
		PUGH/IPAA/WELLS		32,020	32,020
		RAN/IPAA/CHEN		57,921	57,921
		RAN/IPAA/COX		37,891	37,891
		RAN/IPAA/NA		16,876	16,876
		RESTREPO/IPAA/FO LTZ		22,786	22,786
		RICHARDSON/IPAA/ SABI		18,178	18,178
		RICHARDSON/IPAA/ ZHAN		26,021	26,021
		RICHARDSON/STYSKAL		10,884	10,884
		SANCHEZ- R/IPAA/MINER		8,505	8,505
		SANCHEZ- REILLY/IPAA/ SAUNDERS/IPAA/JO HNSO		15,728	15,728
		SHIREMAN/IPAA/PO RTER		(479)	(479)
		SHIREMAN/IPAA/PO RTER		(502)	(502)
		SHIREMAN/IPAA/WANG		41,878	41,878
		SHIREMAN/IPAA/ZHANG		12,652	12,652
		STERN/IPAA/ALLISON		6,462	6,462
		STERN/IPAA/MINTZ		4,222	4,222
		STERN/IPAA/PETERSON		5,747	5,747
		STERN/IPAA/STAMETS		11,925	11,925
		STRONG/IPAA/KAD APAKK		70,094	70,094
		V671D10005		32,670	32,670
		VA257-12-P- 0437/VA67		1,558	1,558
		VA257-P-0380		105,833	105,833
		VA260-P-0859		158,012	158,012
		VA663-D22038			
		WAGNER/IPAA/TAN		15,981	15,981
		WALTER/IPAA/GARCIA		24,560	24,560
		WALTER/IPAA/HIL DRETH		44,542	44,542
		WEINER/IPAA/DUQUE		13,286	13,286
		WEINER/IPAA/URIBE		69,063	69,063
		WEINER/IPAA/WIN		76,046	76,046
		XIAO-		(2,190)	(2,190)

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Veterans Affairs (continued)					
<i>Pass-Through from Veterans Affairs Medical Center, New Jersey</i>		DONG/IPAA/WANG YEH/IPAA/ZHANG 561D15031		17,700 2,180	17,700 2,180
Total - CFDA 64.XXX			0	3,546,235	3,546,235
Veterans Medical Care Benefits	64.009			58,394	58,394
Veterans State Hospital Care	64.016			332,559	332,559
Sharing Specialized Medical Resources	64.018			56,567	56,567
Veterans Information and Assistance	64.115			2,279	2,279
Total - U.S. Department of Veterans Affairs			0	3,996,034	3,996,034
Environmental Protection Agency					
Environmental Protection Agency <i>Pass-Through from Okeanos Technologies, LLC</i> <i>Pass-Through from Pegasus Technical Services</i>	66.XXX	UTA12-000359 PO # UTX-12-001; EP-C-11-006; WA 1-41		1,494 10,826	1,494 10,826
Total - CFDA 66.XXX			0	12,320	12,320
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act <i>Pass-Through from Rti International</i>	66.034	8-312-0213244 (EP- C-11-045)	13,983	158,979 7,480	172,962 7,480
Total - CFDA 66.034			13,983	166,459	180,442
Internships, Training and Workshops for the Office of Air and Radiation	66.037			5,212	5,212
National Clean Diesel Emissions Reduction Program ARRA - National Clean Diesel Emissions Reduction Program	66.039			354,780 (147)	354,780 (147)
Total - CFDA 66.039			0	354,633	354,633
Congressionally Mandated Projects <i>Pass-Through from San Diego University Fnd</i>	66.202	55573A-7802	324,553	57,252 (4,070)	381,805 (4,070)
Total - CFDA 66.202			324,553	53,182	377,735
Water Pollution Control State, Interstate, and Tribal Program Support	66.419		92,618	2,027,846	2,120,464
Surveys, Studies, Investigations, Demonstrations, and Training Grants - Section 1442 of the Safe Drinking Water Act <i>Pass-Through from The Cadmus Group, Inc.</i>	66.424	002-TAU-1/EO-C-08- 002		21,582	21,582
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act	66.436			55,701	55,701
Water Quality Management Planning <i>Pass-Through from Coastal Bend Bays and Estuaries Program</i>	66.454	1202/1311		38,385	38,385

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
Environmental Protection Agency (continued)					
National Estuary Program	66.456			262,061	262,061
Nonpoint Source Implementation Grants	66.460		59,238	2,976,079	3,035,317
Water Quality Cooperative Agreements	66.463		44,276	130,186	174,462
Capitalization Grants for Drinking Water State Revolving Funds	66.468			63,216	63,216
Beach Monitoring and Notification Program Implementation Grants	66.472			89,584	89,584
Gulf of Mexico Program	66.475			338,804	338,804
Science To Achieve Results (STAR) Research Program	66.509		294,885	2,846,465	3,141,350
<i>Pass-Through from Clemson University</i>		1289-7558-218-200715		5,723	5,723
<i>Pass-Through from Health Effects Institute</i>		CR83234701	6,315	19,195	25,510
<i>Pass-Through from Syracuse University</i>		RD-83418801-1		83,429	83,429
<i>Pass-Through from University of California - Davis</i>		07-003825-01		12,084	12,084
<i>Pass-Through from University of Maryland</i>		Z994601		100,342	100,342
Total - CFDA 66.509			301,200	3,067,238	3,368,438
Office of Research and Development Consolidated Research/Training/Fellowships	66.511		17,495		17,495
<i>Pass-Through from Benton and Associates</i>		CR-83419201		22,999	22,999
<i>Pass-Through from Water Research Foundation</i>		04485		44,468	44,468
Total - CFDA 66.511			17,495	67,467	84,962
Greater Research Opportunities (GRO) Fellowships For Undergraduate Environmental Study	66.513			8,188	8,188
Science To Achieve Results (STAR) Fellowship Program	66.514			30,624	30,624
P3 Award: National Student Design Competition for Sustainability	66.516		8,000	9,372	17,372
Regional Applied Research Efforts (RARE)	66.517			43,289	43,289
Performance Partnership Grants	66.605		139,521	780,342	919,863
Pollution Prevention Grants Program	66.708			80,656	80,656
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies	66.716				
<i>Pass-Through from Louisiana State University</i>		52556		(1,226)	(1,226)
International Financial Assistance Projects Sponsored by the Office of International and Tribal Affairs	66.931				
<i>Pass-Through from Border Environment Cooperation Commission</i>		TAA12-014 PID 20198 B2012 R6 .974		34,708	34,708
<i>Pass-Through from Border Environment Cooperation Commission</i>		TAA12-034		13,260	13,260
Total - CFDA 66.931			0	47,968	47,968
Total - Environmental Protection Agency			1,000,884	10,729,168	11,730,052
Nuclear Regulatory Commission					
Nuclear Regulatory Commission	77.XXX	NRC-04-09-134		65,443	65,443

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
Nuclear Regulatory Commission (continued)					
U. S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006			197,286	197,286
<i>Pass-Through from Kansas State University</i>		S12095		(404)	(404)
<i>Pass-Through from University of Kansas</i>		FY2012-088		18,531	18,531
<i>Pass-Through from University of Kansas Center for Research, Inc.</i>		FY2012-087		(14,024)	(14,024)
Total - CFDA 77.006			<u>0</u>	<u>201,389</u>	<u>201,389</u>
U.S. Nuclear Regulatory Commission Minority Serving Institutions Program (MSIP)	77.007			134,621	134,621
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008			418,216	418,216
U.S. Nuclear Regulatory Commission Office of Research Financial Assistance Program	77.009			94,027	94,027
Total - Nuclear Regulatory Commission			<u>0</u>	<u>913,696</u>	<u>913,696</u>
U.S. Department of Energy					
U.S. Department of Energy	81.XXX	1197246		25,871	25,871
		1247909		17,258	17,258
		1306162		38,581	38,581
		1318954		33,055	33,055
		187182		109,650	109,650
		202835		22,345	22,345
		3F-30481		149,234	149,234
		4000096526		35,662	35,662
		4000099939		(2,388)	(2,388)
		4000118602		153,408	153,408
		4000118811		58,594	58,594
		ATLAS AFP AND TILECAL		19,401	19,401
		DE-AC02-05CH11231		33,600	33,600
		DE-AC04-94AL85000		124,748	124,748
		DE-AC52-09NA29327	27,023	10,366	37,389
		DE-FG02-03ER15406 A006		9	9
		DE-NT0008022		41,391	41,391
		DE-SC0010307		34,976	34,976
		LOA-BE / S012583-F		2,036	2,036
		S012583-F		9,315	9,315
		SCIDAC OPEN		7,033	7,033
		SCIENCE GRID COMPUTING			
<i>Pass-Through from Argonne National Laboratory</i>		DEAC0206CH11357		13,597	13,597
<i>Pass-Through from Alliance for Sustainable Energy, LLC</i>		ACQ-4-33623-02		174	174
<i>Pass-Through from Alstom Power, Inc.</i>		A-6		10,504	10,504
<i>Pass-Through from Ames Laboratory</i>		SC-13-389		111,330	111,330
<i>Pass-Through from Argonne National Laboratory</i>		0F-32721		18,139	18,139
<i>Pass-Through from Argonne National Laboratory</i>		2F 30241		11,545	11,545
<i>Pass-Through from Argonne National Laboratory</i>		DEAC0206CH11357		96,718	96,718

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Energy (continued)					
<i>Pass-Through from Argonne National Laboratory</i>		2F-30621 AC02-06CH11357		12,061	12,061
<i>Pass-Through from Argonne National Laboratory</i>		3F-31741		7,653	7,653
<i>Pass-Through from AWS Truepower, LLC</i>		DE EE0004420 001		42,432	42,432
<i>Pass-Through from Battelle</i>		127393	36,289	8,976	45,265
<i>Pass-Through from Battelle</i>		128532		174,621	174,621
<i>Pass-Through from Battelle</i>		86303		60,116	60,116
<i>Pass-Through from Battelle Energy Alliance, LLC</i>		00062780		13,074	13,074
<i>Pass-Through from Battelle Energy Alliance, LLC</i>		4000100215		5,541	5,541
<i>Pass-Through from Battelle Memorial Institute</i>		DEAC0576RL01830		353,235	353,235
<i>Pass-Through from Battelle Pacific Northwest Division</i>		178411		25,186	25,186
<i>Pass-Through from Battelle Pacific Northwest Division</i>		210738		47,786	47,786
<i>Pass-Through from Battelle Pacific Northwest Laboratory</i>		182088		22,069	22,069
<i>Pass-Through from Brookhaven National Laboratory</i>		230777		24,488	24,488
<i>Pass-Through from BWXT Pantex, LLC</i>		PO 0000001196		15,652	15,652
<i>Pass-Through from BWXT Pantex, LLC</i>		PO 13002		61,104	61,104
<i>Pass-Through from BWXT Pantex, LLC</i>		PO0000002666		31,651	31,651
<i>Pass-Through from Carnegie Institute of Washington</i>		4-10114-08		118,546	118,546
<i>Pass-Through from Carnegie Institute of Washington</i>		4-3253-15		43,706	43,706
<i>Pass-Through from Fermi National Accelerator Laboratory</i>		603887		41,108	41,108
<i>Pass-Through from Fermi National Accelerator Laboratory</i>		PO 571899		39,268	39,268
<i>Pass-Through from Fermi National Accelerator Laboratory</i>		PO 610798		29,981	29,981
<i>Pass-Through from Fermi National Accelerator Laboratory</i>		PO# 587019; UTA09-000810		32,657	32,657
<i>Pass-Through from Fermi Research Alliance, LLC</i>		584808		5,197	5,197
<i>Pass-Through from Fermi Research Alliance, LLC</i>		584823		240,203	240,203
<i>Pass-Through from Fermi Research Alliance, LLC</i>		609991		6,116	6,116
<i>Pass-Through from Fermi Research Alliance, LLC</i>		NO.605026		1,774	1,774
<i>Pass-Through from Houston Advanced Research Center</i>		EFDTIP-T07		1,126	1,126
<i>Pass-Through from Houston Advanced Research Center</i>		EFDTIP-T10		38,410	38,410
<i>Pass-Through from Idaho National Engineering Lab</i>		114954		7,038	7,038
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		6981059		10,086	10,086
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		6995407		20,846	20,846
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		6998655		56,824	56,824
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		7000389		272,549	272,549
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		7029302		5,527	5,527
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		7052152		34,704	34,704
<i>Pass-Through from Lawrence Livermore National Lab</i>		B593012		40,134	40,134
<i>Pass-Through from Lawrence Livermore National Lab</i>		B599218		539	539
<i>Pass-Through from Lawrence Livermore National Lab</i>		B600310		29,550	29,550
<i>Pass-Through from Lawrence Livermore National Security, LLC</i>		DEAC5207NA27344		376,671	376,671
<i>Pass-Through from Lawrence Livermore National Lab.</i>		B592779 PRIME:DE-AC52-07NA27344		11,994	11,994
<i>Pass-Through from Layline Petroleum LLC</i>		UTA10-000285		14,230	14,230
<i>Pass-Through from Los Alamos National Lab</i>		153370-1		66,859	66,859
<i>Pass-Through from Los Alamos National Lab</i>		182733-1		31,104	31,104
<i>Pass-Through from Los Alamos National Lab</i>		216365-1		56,429	56,429
<i>Pass-Through from Los Alamos National Lab</i>		246437		26,616	26,616
<i>Pass-Through from Los Alamos National Lab</i>		79506-001-10		419,175	419,175
<i>Pass-Through from Los Alamos National Security, LLC</i>		162500-1		44,671	44,671
		MODIFICATION 1			
<i>Pass-Through from Los Alamos National Laboratory</i>		217594		44,233	44,233
<i>Pass-Through from National Renewable Energy Lab</i>		AFT-2-22439-01		45,222	45,222
<i>Pass-Through from National Renewable Energy Lab</i>		AGV-2-22437-01		10,096	10,096
<i>Pass-Through from National Renewable Energy Lab</i>		XEJ-2-22054-01		42,371	42,371

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Energy (continued)					
<i>Pass-Through from National Renewable Energy Lab</i>		XGG-3-23326-01		49,554	49,554
<i>Pass-Through from National Renewable Energy Laboratory</i>		XEJ-3-23232-01		17,104	17,104
<i>Pass-Through from National Renewable Energy Laboratory</i>		XEJ-9-9904201 DE- AC36-08G028308		346	346
<i>Pass-Through from Navigant Consulting, Inc.</i>		TSA-11 3		27,700	27,700
<i>Pass-Through from Nvidia Corp</i>		B599861		266,357	266,357
<i>Pass-Through from Oak Ridge Associated Universities</i>		CK 284411 DTD 5/8/12		4,927	4,927
<i>Pass-Through from Organic Fuels Algae Technologies, LLC</i>		UTAA8-087 (LOA)		(175)	(175)
<i>Pass-Through from Organic Fuels Algae Technologies, LLC</i>		UTAA8-087 AMD 018		21,956	21,956
<i>Pass-Through from Organic Fuels Algae Technologies, LLC</i>		UTAA8-087 AMD 022		48,210	48,210
<i>Pass-Through from Pacific Northwest National Laboratory</i>		169993		16,439	16,439
<i>Pass-Through from Pacific Northwest National Laboratory</i>		201133		147,928	147,928
<i>Pass-Through from Pacific Northwest National Laboratory</i>		95172-4		87,278	87,278
<i>Pass-Through from Pacific Northwest National Laboratory</i>		95172 11		29,128	29,128
<i>Pass-Through from Pantex</i>		DE-AC04-00AL66620		406,452	406,452
<i>Pass-Through from Radiabeam Technologies, LLC</i>		UTEP-2AMC-SC001		9,261	9,261
<i>Pass-Through from Research Partnership to Secure Energy</i>		07122-41		17,192	17,192
<i>Pass-Through from Research Partnership to Secure Energy</i>		08121-2701-03 6		35,001	35,001
<i>Pass-Through from Research Partnership to Secure Energy</i>		08122-53		185,037	185,037
<i>Pass-Through from Research Partnership to Secure Energy</i>		08122-55	11,654	215,208	226,862
<i>Pass-Through from Research Partnership to Secure Energy</i>		08123-16	9,473	97,002	106,475
<i>Pass-Through from Research Partnership to Secure Energy</i>		09122-41		338,717	338,717
<i>Pass-Through from Research Partnership to Secure Energy</i>		11122-27		81,948	81,948
<i>Pass-Through from Research Partnership to Secure Energy</i>		11122-27; LOA: P.EICHHUBL/J.GALE		37,412	37,412
<i>Pass-Through from Research Partnership to Secure Energy</i>		11122-56		35,509	35,509
<i>Pass-Through from Research Partnership to Secure Energy</i>		11123-32	132,282	51,879	184,161
<i>Pass-Through from Rice University</i>		R16873		98,382	98,382
<i>Pass-Through from Sandia Corporation</i>		1361182		11,628	11,628
<i>Pass-Through from Sandia National Laboratories</i>		#1165342		44,232	44,232
<i>Pass-Through from Sandia National Laboratories</i>		1024157 (REF 772242)		24,046	24,046
<i>Pass-Through from Sandia National Laboratories</i>		1032020		17,135	17,135
<i>Pass-Through from Sandia National Laboratories</i>		1049152		40,000	40,000
<i>Pass-Through from Sandia National Laboratories</i>		1086281		11,938	11,938
<i>Pass-Through from Sandia National Laboratories</i>		1174449		207,314	207,314
<i>Pass-Through from Sandia National Laboratories</i>		1238992		1,146	1,146
<i>Pass-Through from Sandia National Laboratories</i>		1241525		746	746
<i>Pass-Through from Sandia National Laboratories</i>		1246323		2,799	2,799
<i>Pass-Through from Sandia National Laboratories</i>		1252537		65,955	65,955
<i>Pass-Through from Sandia National Laboratories</i>		1286435		74,940	74,940
<i>Pass-Through from Sandia National Laboratories</i>		1307455		54,617	54,617
<i>Pass-Through from Sandia National Laboratories</i>		1315794		32,755	32,755
<i>Pass-Through from Sandia National Laboratories</i>		1351354		61,682	61,682
<i>Pass-Through from Sandia National Laboratories</i>		1364673		21,302	21,302
<i>Pass-Through from Sandia National Laboratories</i>		67598		116,136	116,136
<i>Pass-Through from Sandia National Laboratories</i>		743358		22,713	22,713
<i>Pass-Through from Sandia National Laboratories</i>		905610		14,184	14,184
<i>Pass-Through from Sandia National Laboratories</i>		950818		59,896	59,896
<i>Pass-Through from Sandia National Laboratories</i>		981843		15,656	15,656
<i>Pass-Through from Sandia National Laboratories</i>		990947		10,267	10,267
<i>Pass-Through from Sandia National Laboratories</i>		PO 1371123		4,972	4,972
<i>Pass-Through from Sandia National Laboratory</i>		PO 1117773		1,784	1,784
<i>Pass-Through from Sandia National Laboratory</i>		PO 1179290		1,264	1,264
<i>Pass-Through from Sandia National Laboratory</i>		PO 1275794		122,011	122,011

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Energy (continued)					
<i>Pass-Through from Sandia National Laboratory</i>		PO 1367860		11,637	11,637
<i>Pass-Through from Savannah River Nuclear Solution</i>		AC814		68,534	68,534
<i>Pass-Through from SLAC National Accelerator Laboratory</i>		107611		153,582	153,582
<i>Pass-Through from Universities Research Association, Inc.</i>		11-F-16		6,327	6,327
<i>Pass-Through from University Chicago Argonne, LLC</i>		1F-32142		16,330	16,330
<i>Pass-Through from University Chicago Argonne, LLC</i>		2F-32543		50,281	50,281
		SUPPLEMENT M0001			
<i>Pass-Through from University of California Livermore National Laboratory</i>		B526542 6		(675)	(675)
<i>Pass-Through from University of Wisconsin - Madison</i>		353K312		28,952	28,952
<i>Pass-Through from URS</i>		244799.US/40819273/1 087477		42,920	42,920
<i>Pass-Through from URS</i>		RES1301977		48,331	48,331
<i>Pass-Through from UT-Battelle, LLC</i>		4000113112		90,295	90,295
<i>Pass-Through from UT-Battelle, LLC</i>		DE-AC05-00OR22725 SUB4000099674		10,435	10,435
<i>Pass-Through from UT-Battelle, LLC</i>		LOA - PRUDENCIO		5,949	5,949
<i>Pass-Through from Zyvex</i>		UTA08-601		52,152	52,152
<i>ARRA - U.S. Department of Energy</i>					
<i>Pass-Through from Denbury Resources</i>		AP&C INC;DE-FE- 0002314 & DE-FE- 0002381		142,208	142,208
<i>Pass-Through from Denbury Resources</i>		LEUCADIA; DE-FE- 0002314 & DE-FE- 0002381		142,784	142,784
<i>Pass-Through from Lawrence Berkeley National Lab</i>		7030546		38,637	38,637
<i>Pass-Through from National Renewable Energy Lab</i>		XGG-3-23363-01		45,631	45,631
<i>Pass-Through from NRG Energy, Inc.</i>		UTA10-001000; PO# O030411; LINE ITEM #1&2	6,785	207,875	214,660
<i>Pass-Through from Pecan Street Project, Inc.</i>		UTA10-000960		108,753	108,753
<i>Pass-Through from Sandia National Laboratories</i>		1086665		74,039	74,039
<i>Pass-Through from Sandia National Laboratories</i>		948949 ARRA FUNDS		99,821	99,821
<i>Pass-Through from Siemens</i>		UTA12-000499		22,963	22,963
Total - CFDA 81.XXX			223,506	9,191,988	9,415,494
Laboratory Equipment Donation Program	81.022			(12,272)	(12,272)
Inventions and Innovations	81.036		17,914	18,415	36,329
<i>Pass-Through from Battelle Pacific Northwest Division</i>		72848		(34)	(34)
Total - CFDA 81.036			17,914	18,381	36,295
State Energy Program	81.041			289,856	289,856
<i>Pass-Through from State of Louisiana</i>		2025-11-01		16,751	16,751
ARRA - State Energy Program				(45,378)	(45,378)
Total - CFDA 81.041			0	261,229	261,229
Office of Science Financial Assistance Program	81.049		1,014,583	23,252,472	24,267,055
<i>Pass-Through from Anasys Instruments</i>		UTA12-000489		12,580	12,580
<i>Pass-Through from Argonne National Laboratory</i>		1F-32303		242,997	242,997
<i>Pass-Through from Argonne National Laboratory</i>		2F-31681		158,520	158,520
<i>Pass-Through from Argonne National Laboratory</i>		9F-31541 PRIME:DE-		30,400	30,400

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Energy (continued)					
		AC02-06CH11357			
Pass-Through from Arizona State University		DE-SC0002062		(11,650)	(11,650)
Pass-Through from Arizona State University		SUB 13-009 DE- SC0008862		31,355	31,355
Pass-Through from Battelle		00090311	68,054	104,060	172,114
Pass-Through from Battelle		00090521		26,995	26,995
Pass-Through from Battelle		00090581	101,233	118,691	219,924
Pass-Through from Battelle		00090995		242,398	242,398
Pass-Through from Battelle		00091204	52,190	90,862	143,052
Pass-Through from Battelle		00092961		2,595	2,595
Pass-Through from Battelle		00095441		20,918	20,918
Pass-Through from Battelle		00100897		145,222	145,222
Pass-Through from Battelle		00108462		928	928
Pass-Through from Battelle		00119754	43,003	99,565	142,568
Pass-Through from Battelle		00120553	4,966	65,231	70,197
Pass-Through from Battelle		00121203	37,064	301,380	338,444
Pass-Through from Battelle		00121602	1,252,257	371,633	1,623,890
Pass-Through from Battelle		00121934		35,413	35,413
Pass-Through from Battelle		00128976	99,335	70,838	170,173
Pass-Through from Brookhaven Science Associates, LLC		100586		42,390	42,390
Pass-Through from Calnetix		Agmt 12-13857		109,298	109,298
Pass-Through from Duke University		08-SC-NICCR-1071		3,759	3,759
Pass-Through from Duke University		09-NICCR-1076		45	45
Pass-Through from HJ Science and Technology, Inc.		DE-SC0009553-1		27,941	27,941
Pass-Through from Houston Advanced Research Center		08122-35 R05		(296)	(296)
Pass-Through from Houston Advanced Research Center		EFD11P-T05Q		36,619	36,619
Pass-Through from Idaho State University		RACL33-09-265C		5,772	5,772
Pass-Through from Idaho State University		RACL74-11-268A		122,390	122,390
Pass-Through from Intelligent Optical Systems, Inc.		3215-UTA		9,922	9,922
Pass-Through from Lawrence Berkeley National Laboratory		6924997		81,022	81,022
Pass-Through from Lawrence Berkeley National Laboratory		7006108		48,032	48,032
Pass-Through from Lawrence Berkeley National Laboratory		SRS 7064026		14,766	14,766
Pass-Through from Lawrence Berkeley National Laboratory		SRS 7065605		37,268	37,268
Pass-Through from Lawrence Livermore National Laboratory		B593921		55,455	55,455
Pass-Through from Lawrence Livermore National Security, LLC		B598353		50,138	50,138
Pass-Through from Lawrence Livermore National Security, LLC		B599687		566,296	566,296
Pass-Through from Los Alamos National Laboratory		113844-1		6,522	6,522
Pass-Through from Los Alamos National Security, LLC		136693-1		2,285	2,285
Pass-Through from Los Alamos National Security, LLC		223113-1		45,744	45,744
Pass-Through from Los Alamos National Security, LLC		87536-001-11		80,501	80,501
Pass-Through from Lynntech, Inc.		2011-DOE516II-0001 PRIME: DE-SC0004516		93,420	93,420
Pass-Through from Lynntech, Inc.		B9900		15,442	15,442
Pass-Through from Massachusetts Institute of Technology		DE-SC0001299		149,859	149,859
Pass-Through from Oak Ridge National Laboratory		4000088079		24,726	24,726
Pass-Through from Pacific Northwest National Laboratory		151687		19,165	19,165
Pass-Through from Pacific Northwest National Laboratory		156080		185,775	185,775
Pass-Through from Pacific Northwest National Laboratory		186345		61,502	61,502
Pass-Through from Radiabeam Technologies, LLC		UTEF-1AMC-SC001		9,463	9,463
Pass-Through from Research Partnership to Secure Energy for America		10122		358,500	358,500
Pass-Through from Research Partnership to Secure Energy for America		11122-07		1,130	1,130
Pass-Through from Rotating Sleeve Engine Technologies, Inc.		UTA13-000185		19,227	19,227
Pass-Through from Sandia National Laboratories		1163886		93,661	93,661
Pass-Through from Sandia National Laboratories		1168647		803	803
Pass-Through from Sandia National Laboratories		1190010		35,811	35,811

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Energy (continued)					
<i>Pass-Through from Sandia National Laboratories</i>		1203831		72,139	72,139
<i>Pass-Through from Sandia National Laboratories</i>		1274117		269,951	269,951
<i>Pass-Through from Sandia National Laboratories</i>		944909, Rev 5		138	138
<i>Pass-Through from Sandia National Laboratories</i>		978619		85,198	85,198
<i>Pass-Through from Sandia National Laboratories</i>		Agmt 1132104		26,304	26,304
<i>Pass-Through from Sandia National Laboratories</i>		Agmt 783255		23,659	23,659
<i>Pass-Through from Saxet Surface Science</i>		DE-SC0004437		113,540	113,540
<i>Pass-Through from Shear Form</i>		Agmt 12-0094		17,064	17,064
<i>Pass-Through from Shear Form</i>		Agmt C11-00989		19,643	19,643
<i>Pass-Through from Silicon Audio Labs, Inc.</i>		UTA10-000621		10,139	10,139
<i>Pass-Through from Silicon Audio Labs, Inc.</i>		UTA11-000008		2,644	2,644
<i>Pass-Through from The University of Tennessee</i>		A12-0153-S001		73,369	73,369
<i>Pass-Through from Tulane University</i>		TUL-579-08/09		119	119
<i>Pass-Through from University of Delaware</i>		21115		264	264
<i>Pass-Through from University of Florida</i>		IFAS-00078123		(141)	(141)
<i>Pass-Through from University of Illinois - Champaign - Urbana</i>		DE-SC0006771		34,845	34,845
<i>Pass-Through from University of Michigan</i>		DE-SC0001939		125,744	125,744
<i>Pass-Through from University of Nevada - Reno</i>		UNR-10-32		(15,000)	(15,000)
<i>Pass-Through from University of Oregon</i>		234151L PRIME:DE- FG02-05ER41383		99	99
<i>Pass-Through from University of Oregon</i>		234171F PRIME:DE- SC0001476		6,987	6,987
<i>Pass-Through from University of Southern California</i>		10321283		119,293	119,293
<i>Pass-Through from University of Virginia</i>		GQ10044-133948		82,414	82,414
<i>Pass-Through from University of Wisconsin</i>		455K674 (DE-FC02- 07ER64494		14,623	14,623
<i>Pass-Through from University of Wisconsin - Madison</i>		182K512		460	460
<i>Pass-Through from University of Wisconsin - Madison</i>		475K860		39,348	39,348
<i>Pass-Through from University of Wisconsin - Madison</i>		Number 356K381		72,670	72,670
<i>Pass-Through from University of Wisconsin - Madison</i>		Sub 347K900		41,201	41,201
<i>Pass-Through from Western Michigan University</i>		DE SC0001761		(479)	(479)
<i>Pass-Through from Williams Pyro, Inc.</i>		W909MY-08-C-007		2,508	2,508
<i>Pass-Through from Xia, LLC</i>		UTA11-001024		19,883	19,883
ARRA - Office of Science Financial Assistance Program				2,609,823	2,609,823
<i>Pass-Through from Austin Energy</i>		B8620		45,861	45,861
<i>Pass-Through from Austin Energy</i>		C05-00173		578	578
<i>Pass-Through from Columbia University</i>		3 (ACCT # 5-64853)		33,558	33,558
Total - CFDA 81.049			2,672,685	31,776,202	34,448,887
University Coal Research	81.057		61,470	196,855	258,325
Office of Scientific and Technical Information	81.064		127,904	127,568	255,472
<i>Pass-Through from Sandia National Laboratories</i>		1156850		89,283	89,283
Total - CFDA 81.064			127,904	216,851	344,755
Nuclear Waste Disposal Siting	81.065			32,360	32,360
<i>Pass-Through from Nye County Nevada</i>		10-014			
Regional Biomass Energy Programs	81.079			151,138	151,138
<i>Pass-Through from South Dakota State University</i>		3TA148 DE-FC36- 06G085041			
<i>Pass-Through from South Dakota State University</i>		3TA153 DE-FC36- 06G085041		9,622	9,622
<i>Pass-Through from South Dakota State University</i>		3TA153 DE-FC36-		10,383	10,383

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Energy (continued)					
<i>Pass-Through from South Dakota State University</i>		06G085041/3TG148-05G85041		34,967	34,967
<i>Pass-Through from Texas Engineering Experiment Station 712</i>		3TH153		(10)	(10)
		29621			
Total - CFDA 81.079			0	206,100	206,100
Conservation Research and Development	81.086			(11,589)	(11,589)
<i>Pass-Through from GMZ Energy, Inc.</i>		DOE-EE-0004840		200,913	200,913
ARRA - Conservation Research and Development					
<i>Pass-Through from General Motors</i>		GVS00492		39,923	39,923
Total - CFDA 81.086			0	229,247	229,247
Renewable Energy Research and Development	81.087		292,186	3,611,910	3,904,096
<i>Pass-Through from Arizona State University</i>		13-185		53,372	53,372
<i>Pass-Through from Astrowatt</i>		UTA12-000306		56,322	56,322
<i>Pass-Through from Baryonyx Corporation</i>		DE-EE-000103 - [TAMU-1]		5	5
<i>Pass-Through from Battelle</i>		00088120	36,149	5,225	41,374
<i>Pass-Through from Brookhaven Science Associates, LLC</i>		206492		1,045	1,045
<i>Pass-Through from Cb&i, Inc.</i>		777276-000		32,218	32,218
<i>Pass-Through from Cb&i, Inc.</i>		C08-00703		41	41
<i>Pass-Through from Concepts Nrec</i>		Research Agmt 07-0637		98	98
<i>Pass-Through from Houston Area Research Council</i>		DE-EE003177		60,054	60,054
<i>Pass-Through from Houston Community College</i>		HCC AGRMT Dated 1/24/13		1,438	1,438
<i>Pass-Through from Massachusetts Institute of Technology</i>		DE-EE0005806		152,728	152,728
<i>Pass-Through from National Renewable Energy Lab</i>		8000002016		9,385	9,385
<i>Pass-Through from National Renewable Energy Laboratory</i>		AFT 2 22427 01		310	310
<i>Pass-Through from Ohio University - All Campuses</i>		UT16809		44,076	44,076
<i>Pass-Through from Pacific Northwest National Laboratory</i>		165504		34,222	34,222
<i>Pass-Through from Stanford University</i>		60217589-60257757-51077-M		40,652	40,652
<i>Pass-Through from Texas Engineering Experiment Station 712</i>		A3241		24,448	24,448
<i>Pass-Through from UT-Battelle, LLC</i>		4000117242		6,192	6,192
ARRA - Renewable Energy Research and Development			143,825	390,334	534,159
<i>Pass-Through from Arizona Geological Survey</i>		TX-EE0002850: PO# BGS11TX98		201,414	201,414
<i>Pass-Through from Donald Danforth Plant Science Center</i>		NAABB #28302-EE		925,296	925,296
<i>Pass-Through from Donald Danforth Plant Science Center</i>		NAABB #28302-P		1,267,080	1,267,080
<i>Pass-Through from Southern Methodist University</i>		G001011 7540		52,964	52,964
<i>Pass-Through from Southern Methodist University</i>		G001011-7505		265,006	265,006
Total - CFDA 81.087			472,160	7,235,835	7,707,995
Fossil Energy Research and Development	81.089		437,279	4,098,676	4,535,955
<i>Pass-Through from CSI Technologies, LLC</i>		DE-AC26-07NT42677		116,544	116,544
<i>Pass-Through from Houston Advanced Research Center</i>		08122-35		35,459	35,459
<i>Pass-Through from Houston Advanced Research Center</i>		EFDTIP-TIP204		53,737	53,737
<i>Pass-Through from Houston Advanced Research Center</i>		EFDTIP-TIP205		26,911	26,911
<i>Pass-Through from Research Partnership to Secure Energy for America</i>		09122-12 PRIME: DE-AC26-07NT42677		129,130	129,130
<i>Pass-Through from Research Partnership to Secure Energy for America</i>		07123-01		14,852	14,852
<i>Pass-Through from Research Partnership to Secure Energy for America</i>		08122-48	423,349	85,630	508,979

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Energy (continued)					
<i>Pass-Through from Research Partnership to Secure Energy for America</i>		DE-AC26-07NT42677		775,517	775,517
<i>Pass-Through from Southern States Energy Board</i>		SSEB-SECARB3-973- T13BEG-TI-2008-019	110,345	722,938	833,283
<i>Pass-Through from University of Alaska - Fairbanks</i>		UAF 09-0039		5,140	5,140
<i>Pass-Through from University of Arkansas</i>		SA1001026		25,051	25,051
Total - CFDA 81.089			970,973	6,089,585	7,060,558
Environmental Remediation and Waste Processing and Disposal	81.104			99,006	99,006
National Industrial Competitiveness through Energy, Environment and Economics	81.105			48,065	48,065
Epidemiology and Other Health Studies Financial Assistance Program	81.108				
<i>Pass-Through from Drexel University</i>		231352630		79,102	79,102
Stewardship Science Grant Program	81.112		7,693	2,428,802	2,436,495
<i>Pass-Through from Stanford University</i>		60300258-107109-A		25,037	25,037
Total - CFDA 81.112			7,693	2,453,839	2,461,532
Defense Nuclear Nonproliferation Research	81.113			178,055	178,055
<i>Pass-Through from Lawrence Livermore National Security, LLC</i>		B571336		350,003	350,003
<i>Pass-Through from Lawrence Livermore National Security, LLC</i>		B575366		74,294	74,294
<i>Pass-Through from Lawrence Livermore National Security, LLC</i>		B601048		188,319	188,319
<i>Pass-Through from University of California - Berkeley</i>		BB00154662		11,515	11,515
Total - CFDA 81.113			0	802,186	802,186
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117		235,049	508,472	743,521
<i>Pass-Through from Thurgood Marshall Scholarship Fund</i>		MSI-VISITING PROF-PVAMU- BELLAM2012		49,456	49,456
Total - CFDA 81.117			235,049	557,928	792,977
State Energy Program Special Projects	81.119			212,471	212,471
Nuclear Energy Research, Development and Demonstration	81.121		14,551	763,199	777,750
<i>Pass-Through from Argonne National Laboratory</i>		2F-32981		55,290	55,290
<i>Pass-Through from Battelle</i>		00122522		9,702	9,702
<i>Pass-Through from Battelle</i>		00124068		59,709	59,709
<i>Pass-Through from Battelle</i>		00124695		89,419	89,419
<i>Pass-Through from Battelle</i>		00127086		47,903	47,903
<i>Pass-Through from Battelle</i>		00127371		(2,955)	(2,955)
<i>Pass-Through from Lawrence Livermore National Laboratory</i>		B599185		25,505	25,505
<i>Pass-Through from Lawrence Livermore National Security, LLC</i>		B598646		33,341	33,341
<i>Pass-Through from Lawrence Livermore National Security, LLC</i>		B602391		368,512	368,512
<i>Pass-Through from Los Alamos National Security, LLC</i>		201785-1		68,189	68,189
<i>Pass-Through from Los Alamos National Security, LLC</i>		208335-1		60,029	60,029
<i>Pass-Through from Los Alamos National Security, LLC</i>		208873-1		9,808	9,808
<i>Pass-Through from Medical University of South Carolina</i>		MUSC12-007		9,357	9,357
<i>Pass-Through from Medical University of South Carolina</i>		MUSC12-008		78,773	78,773
<i>Pass-Through from Oak Ridge National Laboratory</i>		4000105055		89,717	89,717

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Energy (continued)					
<i>Pass-Through from Oak Ridge National Laboratory</i>		4000111281		22,836	22,836
<i>Pass-Through from Oak Ridge National Laboratory</i>		4000114530		77,856	77,856
<i>Pass-Through from Oak Ridge National Laboratory</i>		4000121386		15,000	15,000
<i>Pass-Through from Pacific Northwest National Laboratory</i>		165557		5,581	5,581
<i>Pass-Through from Sandia Corporation</i>		1238094		23,359	23,359
<i>Pass-Through from Sandia Corporation</i>		1271025, REV. 1		19,670	19,670
<i>Pass-Through from Sandia National Laboratories</i>		1228852		7,775	7,775
<i>Pass-Through from Sandia National Laboratories</i>		1248934		54,465	54,465
<i>Pass-Through from Sandia National Laboratories</i>		1265515		7,068	7,068
<i>Pass-Through from Sandia National Laboratories</i>		1271068		19,300	19,300
<i>Pass-Through from Sandia National Laboratories</i>		1309723		69,511	69,511
<i>Pass-Through from Syracuse University</i>		24958-02972-S01		28,737	28,737
<i>Pass-Through from University of Nebraska - Lincoln</i>		25-1217-0013-002		54,548	54,548
<i>Pass-Through from Westinghouse Electric Company</i>		4500460309		193,774	193,774
Total - CFDA 81.121			14,551	2,364,978	2,379,529
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122		17,150	250,142	267,292
<i>Pass-Through from ABB, Inc.</i>		Sub Agmt DE- OE0000547	34,256	219,677	253,933
<i>Pass-Through from GE Global Research</i>		400040872		71,599	71,599
ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis				243,715	243,715
<i>Pass-Through from Center for the Commercialization of Electronic Technologies</i>		DE-OE0000194		119,706	119,706
<i>Pass-Through from Pecan Street Project, Inc.</i>		DE-FOA-0000036; PRIME		143,310	143,310
<i>Pass-Through from Pecan Street Project, Inc.</i>		DE-FOA-0000036; UTA10-001028		137,404	137,404
<i>Pass-Through from Pecan Street Project, Inc.</i>		DE-FOA-0000036; UTA11-000092		85,274	85,274
<i>Pass-Through from Pecan Street Project, Inc.</i>		DE-FOA-0000036; UTA11-001004		43,071	43,071
<i>Pass-Through from University of Minnesota</i>		A000211537(DE- OE0000427)		13,087	13,087
<i>Pass-Through from University of Minnesota</i>		DE-OE000427 SUBA002115147		9,423	9,423
Total - CFDA 81.122			51,406	1,336,408	1,387,814
National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program	81.123		104,023	500,107	604,130
<i>Pass-Through from Alabama A&M University</i>		SUB-DE-NA0001890- PVAMU		18,099	18,099
<i>Pass-Through from Sandia National Laboratory</i>		PO 1255732		11,253	11,253
<i>Pass-Through from Sandia National Laboratory</i>		PO 1270244		18,273	18,273
Total - CFDA 81.123			104,023	547,732	651,755
Predictive Science Academic Alliance Program	81.124		51,797	1,985,816	2,037,613
<i>Pass-Through from Purdue University</i>		4105-47010 AMD 02		501,856	501,856
<i>Pass-Through from University of Michigan - Ann Arbor</i>		3001058063		552,887	552,887
Total - CFDA 81.124			51,797	3,040,559	3,092,356

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Energy (continued)					
ARRA - Geologic Sequestration Site Characterization	81.132			514,134	514,134
ARRA - Geologic Sequestration Training and Research Grant Program	81.133		62,022	322,976	384,998
<i>Pass-Through from New Mexico Institute of Mining and Technology</i>		DRSE10		9,220	9,220
<i>Pass-Through from Southern States Energy Board</i>		SSEB-SECARB ED-920-TXBEG-2009-001		10,354	10,354
Total - CFDA 81.133			62,022	342,550	404,572
ARRA - Industrial Carbon Capture and Storage (CCS) Application	81.134		86,752	1,112,529	1,199,281
<i>Pass-Through from Siemens</i>		UTA13-000255/PO 6500021159		124,551	124,551
Total - CFDA 81.134			86,752	1,237,080	1,323,832
Advanced Research Projects Agency - Energy	81.135		2,563,058	5,219,652	7,782,710
<i>Pass-Through from Adma Products, Inc.</i>		Contact C13-00682		151,071	151,071
<i>Pass-Through from Massachusetts Institute of Technology</i>		5710003117		258,542	258,542
<i>Pass-Through from Massachusetts Institute of Technology</i>		DE-AR0000181		25,429	25,429
<i>Pass-Through from Sharp Laboratories of America</i>		UTA13-000404		36,747	36,747
<i>Pass-Through from Superpower, Inc.</i>		DE-AR0000141		616,852	616,852
<i>Pass-Through from Tai - Yang Research Co.</i>		DE-AR0000337		6,380	6,380
<i>Pass-Through from The Learning Chameleon, Inc.</i>		W31P4Q-12-C-0166		44,147	44,147
<i>Pass-Through from University of California - Los Angeles</i>		GN0005968		18,248	18,248
<i>Pass-Through from University of Maryland - College Park</i>		Z713201		150,487	150,487
<i>Pass-Through from University of Maryland - College Park</i>		Z713201-A		8,548	8,548
<i>Pass-Through from University of Nevada - Las Vegas</i>		13-738Q-A-00		36,583	36,583
<i>Pass-Through from UT-Battelle, LLC</i>		4000123096		58,070	58,070
ARRA - Advanced Research Projects Agency - Energy				73,729	73,729
<i>Pass-Through from Adma Products, Inc.</i>		C10-361		132,625	132,625
<i>Pass-Through from United Technologies Research Center</i>		2601156/1169652		124,246	124,246
Total - CFDA 81.135			2,563,058	6,961,356	9,524,414
Total - U.S. Department of Energy			7,722,963	76,039,755	83,762,718
U.S. Department of Education					
U.S. Department of Education	84.XXX	U411C110102	198,965	348,333	547,298
<i>Pass-Through from Portsmouth School District</i>		UTA12-000713		821	821
<i>Pass-Through from University of Oregon</i>		223911B		12,825	12,825
ARRA - U.S. Department of Education					
<i>Pass-Through from Florida Department of Education</i>		12-661	164,103	69,658	233,761
Total - CFDA 84.XXX			363,068	431,637	794,705
Adult Education - Basic Grants to States	84.002		180,791	1,861,596	2,042,387
<i>Pass-Through from Harris County Department of Education</i>		HCDS 12 10 12		325,089	325,089
<i>Pass-Through from Harris County Department of Education</i>		8000001948	45,605	251,485	297,090
<i>Pass-Through from Harris County Department of Education</i>		8000001949	54,742	275,083	329,825
Total - CFDA 84.002			281,138	2,713,253	2,994,391

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Education (continued)					
National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	84.015			1,841	1,841
International Research and Studies	84.017			590	590
Special Education Grants to States <i>Pass-Through from Region 17 Education Service Center</i>	84.027	2001 12; ESC17; Interagency		159,310	159,310
Higher Education Institutional Aid	84.031			2,458,546	2,458,546
Career and Technical Education -- Basic Grants to States	84.048			705,756	705,756
Fund for the Improvement of Postsecondary Education <i>Pass-Through from CSU - Chico Research Foundation</i> <i>Pass-Through from Midland Independent School District</i>	84.116	S07-035 8000001437	116,883	594,998 (1,790) 1	711,881 (1,790) 1
Total - CFDA 84.116			116,883	593,209	710,092
Minority Science and Engineering Improvement <i>Pass-Through from El Paso Community College</i>	84.120	CB004925		174,662 (912)	174,662 (912)
Total - CFDA 84.120			0	173,750	173,750
Centers for Independent Living <i>Pass-Through from TIRR Memorial Hermann</i> <i>Pass-Through from TIRR Memorial Hermann</i>	84.132	H132B070002 H132B120001		2,206 42,069	2,206 42,069
Total - CFDA 84.132			0	44,275	44,275
National Institute on Disability and Rehabilitation Research <i>Pass-Through from Baylor College of Medicine</i> <i>Pass-Through from Baylor Research Institute</i> <i>Pass-Through from Northeastern University</i> <i>Pass-Through from TIRR Memorial Hermann</i> <i>Pass-Through from TIRR Memorial Hermann</i> <i>Pass-Through from TIRR Memorial Hermann</i>	84.133	H133G120192 H133A120098 H133G100187 H122B090002/1522-13 H133A060091 H133A110027/SWAD A-UTHSCH-13	26,445	917,593 32,176 38,213 34,826 1,313 27,912 1,313	944,038 32,176 38,213 34,826 1,313 27,912 1,313
<i>Pass-Through from TIRR Memorial Hermann</i> <i>Pass-Through from TIRR Memorial Hermann</i> <i>Pass-Through from University of Wisconsin - Madison</i>		H133A12008 H133B090002 282K763		70,154 13,533 83,167	70,154 13,533 83,167
Total - CFDA 84.133			26,445	1,220,200	1,246,645
Migrant Education High School Equivalency Program	84.141			423,206	423,206
Business and International Education Projects	84.153			4,252	4,252
Bilingual Education Professional Development	84.195			201,130	201,130
Graduate Assistance in Areas of National Need	84.200			585,253	585,253
Fund for the Improvement of Education	84.215			15,726	15,726
TRIO McNair Post-Baccalaureate Achievement	84.217			662,990	662,990
Centers for International Business Education	84.220			187,257	187,257

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Education (continued)					
Assistive Technology	84.224		34,209	157,624	191,833
Comprehensive Centers	84.283				
<i>Pass-Through from Rmc Research Corporation</i>		UTA05-917 YEAR 7		29,851	29,851
Education Research, Development and Dissemination	84.305		1,593,313	7,862,843	9,456,156
<i>Pass-Through from Georgia St University Research Foun</i>		8000001578		100,616	100,616
<i>Pass-Through from Georgia State University</i>		R305A120785		176,228	176,228
<i>Pass-Through from Georgia State University</i>		R305C120001		90,581	90,581
<i>Pass-Through from Harvard University</i>		106553.5053		61,472	61,472
<i>Pass-Through from Harvard University</i>		R324A120123		111,763	111,763
<i>Pass-Through from New York University</i>		F6249-02		41,697	41,697
<i>Pass-Through from Penn State University</i>		4664-UTEP-USDE-0593		36,806	36,806
<i>Pass-Through from Rmc Research Corporation</i>		G104367		55,495	55,495
<i>Pass-Through from Tamu Research Foundation</i>		S110095		268,573	268,573
<i>Pass-Through from University of Leuven (Belgium)</i>		UTA12-000125; RDO35D110024		120,273	120,273
<i>Pass-Through from University of Nebraska</i>		24-1714-0069-002		54,266	54,266
Total - CFDA 84.305			1,593,313	8,980,613	10,573,926
Research in Special Education	84.324		904,098	3,429,504	4,333,602
<i>Pass-Through from Lehigh University</i>		R324A120123		75,230	75,230
<i>Pass-Through from Lehigh University</i>		R324C08006		154,982	154,982
<i>Pass-Through from University North Carolina at Chapel Hill</i>		5-39281		95,410	95,410
Total - CFDA 84.324			904,098	3,755,126	4,659,224
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325		4,937	1,436,748	1,441,685
<i>Pass-Through from University of Florida</i>		UF13023 105205		33,849	33,849
Total - CFDA 84.325			4,937	1,470,597	1,475,534
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326			319,813	319,813
<i>Pass-Through from Cal State University Northridge</i>		F-11-2963UTA		433,431	433,431
Total - CFDA 84.326			0	753,244	753,244
Demonstration Projects to Support Postsecondary Faculty, Staff and Administrations in Educating Students with Disabilities	84.333			15,357	15,357
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		127,335	346,008	473,343
International Education Technological Innovation and Cooperation for Foreign Information Access	84.337			13	13
Transition to Teaching	84.350				
<i>Pass-Through from University of Louisiana at Monroe</i>		SVK010-TAMUK-00		219,318	219,318
English Language Acquisition State Grants	84.365			1,089,292	1,089,292
Mathematics and Science Partnerships	84.366			967,582	967,582
<i>Pass-Through from O'Donnell Independent School District</i>		116944057110007		8,273	8,273
Total - CFDA 84.366			0	975,855	975,855

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Education (continued)					
Improving Teacher Quality State Grants	84.367			105,211	105,211
Striving Readers	84.371			708,575	708,575
<i>Pass-Through from Miko Group, Inc.</i>		ED-ESE-11-C-0057		236,831	236,831
Total - CFDA 84.371			0	945,406	945,406
College Access Challenge Grant Program	84.378			387,030	387,030
ARRA - Investing in Innovation (i3) Fund	84.396				
<i>Pass-Through from Ohio State University</i>		U396A100027	249,490	298,311	547,801
Education Jobs Fund	84.410			270	270
Investing in Innovation (i3) Fund	84.411		1,191	368,795	369,986
<i>Pass-Through from Knowledge Works Foundation</i>		U411C110296		32,756	32,756
Total - CFDA 84.411			1,191	401,551	402,742
Total - U.S. Department of Education			3,702,107	30,512,858	34,214,965
Scholarship Foundations					
Morris K. Udall Fellowship Program	85.401			1,418	1,418
Total - CFDA 85.401			0	1,418	1,418
Total - Scholarship Foundations			0	1,418	1,418
National Archives and Records Administration					
National Historical Publications and Records Grants	89.003			27,873	27,873
Total - CFDA 89.003			0	27,873	27,873
Total - National Archives and Records Administration			0	27,873	27,873
United States Institute of Peace					
United States Institute of Peace	91.XXX	USIP-219-11F		89,398	89,398
Total - CFDA 91.XXX			0	89,398	89,398
Total - United States Institute of Peace			0	89,398	89,398
U.S. Department of Health and Human Services					
U.S. Department of Health and Human Services	93.XXX	1 R15 GM086833-01		47,034	47,034
		1 SC1 NS066987-04		77,355	77,355
		150407/132024		9,484	9,484
		150414/131193		10,551	10,551
		151963/151707		441	441
		151965/151432		2,019	2,019
		152289/152287		3,425	3,425
		153872/153136		334,019	334,019
		200-1999-00095		(6,344)	(6,344)
		200-2003-01442		5,433	5,433
		200-2009-32594	332,096	454,911	787,007
		200-2011-39475		101,545	101,545
		200-2011-41271	59,321	212,897	272,218
		200-2011-41440		73,713	73,713

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
		200-2012-M-51191		26,236	26,236
		2012-041547-001		292,648	292,648
		212-2011-M-40768 1EXT		24,272	24,272
		2R01GM085575		2,450	2,450
		2R01MH072966		563,991	563,991
		401-CN-035159 07	481,606	895,053	1,376,659
		5 R01 NS049091-01A2		83	83
		02 03 04 05 REVISED			
		5 R24 HD042849-06		3,601	3,601
		07 08 09 10			
		8000001887		143,048	143,048
		901015		374,633	374,633
		CMO 1506		8,256	8,256
		GMO-111205		27,295	27,295
		HHS01002011000151		981,343	981,343
		HHSF223201110109A	69,032	62,544	131,576
		HHSF223201111595P		2,609	2,609
		HHSH234200737001C 04		861,872	861,872
		HHSH250201000011C		1,364,092	1,364,092
		HHSN261201000032I 01		128,196	128,196
		HHSN261201000142C 04		196,251	196,251
		HHSN261201200037I		44,414	44,414
		HHSN261201200210P		5,415	5,415
		HHSN263201000054I 01		113,191	113,191
		HHSN263201200075I		358,263	358,263
		HHSN266005000042C		18	18
		HHSN267200700006C	19,851	26,588	46,439
		HHSN268200900039C 04	68,584	632,799	701,383
		HHSN268201000036C	667,384	1,399,663	2,067,047
		HHSN268201000037C		1,763,199	1,763,199
		HHSN268201100036C		850,606	850,606
		HHSN268201200019C	5,250	60,349	65,599
		HHSN268201200029M		2,337	2,337
		HHSN268201200154P		103,386	103,386
		HHSN271201000027C		(13,530)	(13,530)
		HHSN271201100416P	190,820	54,854	245,674
		HHSN271201200132P		7,230	7,230
		HHSN272200800048C		1,488,675	1,488,675
		HHSN272201000038I 02		474	474
		HHSN272201000038I	628,545	761,419	1,389,964
		HHSN272201000040I		246,298	246,298
		HHSN272201000040I		2,264,974	2,264,974
		HHSN272201100018I		149,333	149,333
		HHSN275200403380I		17,099	17,099
		HHSN275200800035C	1,176,919	162,710	1,339,629
		HHSN275200800035C/ GMO901016		255,627	255,627
		HHSN275200900084U		11,682	11,682
		HHSN275201200023C		477,044	477,044
		HHSN275201300018I		8,033	8,033
		HHSN276201000694P		62,565	62,565
		HHSN276201100473P		1,371	1,371
		HHSN276201100578P		3,698	3,698
		HHSN276201200681P		672	672

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
		IAEA Fellowship Prog		2,661	2,661
		IPA # 8011585		28,402	28,402
		Kellogg Foundation 0		39,754	39,754
		N01 AR062279		155	155
		N01 CM-2011-00039 01		306,490	306,490
		N01 CM-62202 09		4,897	4,897
		N01AI25489		(2,610)	(2,610)
		N01-AI-30065		1,128,489	1,128,489
		N01DA-13-8908		565,004	565,004
		N01DA-7-8872		265,293	265,293
		N01HB07159	74,397		74,397
		N01MH090003		2,484	2,484
		P64733		(4,947)	(4,947)
		PO 2225347 0001		5,565	5,565
		PREV: 2011-N-13314	14,520		14,520
		SAIC 29XS143 03	44,563		44,563
		UTA12-000470/1015433		9,976	9,976
		W81XWH-10-0101 03		115,037	115,037
		W81XWH-12-1-0459		34,088	34,088
<i>Pass-Through from American College of Radiology Imaging</i>		ACRIN 6691		450	450
<i>Pass-Through from American College of Surgeons</i>		ACOSOG Z6051 01		(3,623)	(3,623)
<i>Pass-Through from American College of Surgeons</i>		ACOSOG-Z1041		(7,925)	(7,925)
<i>Pass-Through from American Type Culture Collection</i>		201005160002		502,100	502,100
<i>Pass-Through from Arkival Technology Corporation</i>		HHSN26120120058C		58,696	58,696
<i>Pass-Through from Association of Schools of Public Health</i>		J5021		2,873	2,873
<i>Pass-Through from Battelle Memorial Institute</i>		HHSN26620100041C/ N01-HC-05265		30,744	30,744
<i>Pass-Through from Battelle Memorial Institute</i>		HHSN272201200003I		2,221	2,221
<i>Pass-Through from Baylor College of Medicine</i>		101543329 DIETARY		7,651	7,651
<i>Pass-Through from Baylor College of Medicine</i>		101543329 PBS		3,101	3,101
<i>Pass-Through from Baylor College of Medicine</i>		101543329 ULNAR	12,831	53,137	65,968
<i>Pass-Through from Baylor College of Medicine</i>		101704286		378,356	378,356
<i>Pass-Through from Baylor College of Medicine</i>		HHSA29020010015C 03		(9,188)	(9,188)
<i>Pass-Through from Baylor College of Medicine</i>		HHSA290200810015C		204,410	204,410
<i>Pass-Through from Baylor College of Medicine</i>		HHSN275200800020C/ N01-HD-80020		16,792	16,792
<i>Pass-Through from Baylor College of Medicine</i>		MENTORING FUNCTIONS		14,163	14,163
<i>Pass-Through from Billings Clinic</i>		HHSA290201000019I		17,601	17,601
<i>Pass-Through from Bioqual Incorporated</i>		HHSN272201000006I		407,536	407,536
<i>Pass-Through from Centers for Disease Control and Prevention</i>		200-2005-14736		30,945	30,945
<i>Pass-Through from Cincinnati Children's Hosp. Medical Center</i>		HHSN272200800006C		300,594	300,594
<i>Pass-Through from Community Action, Inc.</i>		UTA10-001284		134,344	134,344
<i>Pass-Through from Cornell University</i>		57713-9800		520	520
<i>Pass-Through from Crucell Holland B.V.</i>		HHSN272200800056C		160,731	160,731
<i>Pass-Through from Duke University</i>		HHSN272201000053C		37,729	37,729
<i>Pass-Through from Duke University</i>		HHSN275201000003I		23,157	23,157
<i>Pass-Through from Duke University Medical Center</i>		HHSN27220090002C3-01		62,578	62,578
<i>Pass-Through from Duke University Medical Center</i>		N01-AI-05419 04		3,007	3,007
<i>Pass-Through from Emmes Corporation</i>		460011/ HHSN275200800002I/ HHSN2750		4,306	4,306
<i>Pass-Through from Emmes Corporation</i>		460021/HHSN2752008 000021/NIH		21,962	21,962

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
<i>Pass-Through from Emmes Corporation</i>		HHSN260200500007C		39,304	39,304
<i>Pass-Through from Emmes Corporation</i>		HHSN263201200001C		395,222	395,222
<i>Pass-Through from Feinstein Institute for Medical Research</i>		HHSN271200900019C		183,130	183,130
<i>Pass-Through from Fisher Bioservices</i>		58660		154	154
<i>Pass-Through from Houston Academy of Medicine</i>		HHSN276201100007C		4,619	4,619
<i>Pass-Through from Houston Academy of Medicine - Texas Medical Center Library</i>		HHSN276201100007		14,879	14,879
<i>Pass-Through from Houston Academy of Medicine - Texas Medical Center Library</i>		HHSN276201100007C		1,161	1,161
<i>Pass-Through from Houston Academy of Medicine</i>		UTA13-000518		7,071	7,071
<i>Pass-Through from ICF Consulting Group, Inc.</i>		OPA0005431/5432		10,328	10,328
<i>Pass-Through from Inviragen Incorporated</i>		HHSN272201000034C		23,987	23,987
<i>Pass-Through from John Snow, Inc.</i>		2013-0095		1,157	1,157
<i>Pass-Through from Kansas State University</i>		P66302		58,921	58,921
<i>Pass-Through from La Jolla Institute for Allergy and Immunology</i>		25059-10-384		96,924	96,924
<i>Pass-Through from Lipomedics, Ltd. Co.</i>		HHSN261201200092C		61,590	61,590
<i>Pass-Through from Massachusetts General Hospital</i>		HHSN2712011000061		33,561	33,561
<i>Pass-Through from Memorial Sloan Kettering Cancer Center</i>		1		721	721
<i>Pass-Through from Memorial Sloan Kettering Cancer Center</i>		HHSN26120080043C 03		13,555	13,555
<i>Pass-Through from National Council on Aging</i>		460131/HHSM-500-2011-00088C		80,574	80,574
<i>Pass-Through from New England Research Institutes</i>		N01HC45207		2,609	2,609
<i>Pass-Through from Houston Academy of Medicine – Texas Medical Center Library</i>		HHSN276201100007C		(163)	(163)
<i>Pass-Through from North American Association of Central Cancer Registries</i>		2012-08-01 (HHSN261200900015C)		35,570	35,570
<i>Pass-Through from North American Association of Central Cancer Registries</i>		2012-08-02 (HHSN261200900015C)		4,800	4,800
<i>Pass-Through from Northrop Grumman Corporation</i>		BRCSC04086	14,531	1,214	15,745
<i>Pass-Through from Northrop Grumman Corporation</i>		HHSN272200900041C		(1,214)	(1,214)
<i>Pass-Through from Northwestern University</i>		DELGADO- UHS2507403LS		56,808	56,808
<i>Pass-Through from Northwestern University</i>		HHSN272200700058C		(578)	(578)
<i>Pass-Through from Northwestern University</i>		HHSN272201200026C		148,289	148,289
<i>Pass-Through from NSABP</i>		5U10CA012027 37		18,043	18,043
<i>Pass-Through from Olmsted Medical Center</i>		1R01HS01940801		2,821	2,821
<i>Pass-Through from Omega Optics</i>		HHSN261201200043C		19,160	19,160
<i>Pass-Through from Omega Optics</i>		UTA12-001008		71,212	71,212
<i>Pass-Through from Professional and Scientific Association, Inc.</i>		PSA Checks		10,513	10,513
<i>Pass-Through from Radiant Creative Group, LLC</i>		1 R41 CA168107-01		35,207	35,207
<i>Pass-Through from Radiation Oncology Department</i>		RTOG 0525 01		96	96
<i>Pass-Through from Radiation Oncology Department</i>		RTOG0525 01		15,496	15,496
<i>Pass-Through from Radiation Oncology Department</i>		RTOG0539 01		844	844
<i>Pass-Through from Radiation Oncology Department</i>		RTOG-0825 01		71,126	71,126
<i>Pass-Through from Radiation Oncology Department</i>		RTOG-0929 01		31,096	31,096
<i>Pass-Through from Radiation Oncology Department</i>		RTOG1014 01		6,412	6,412
<i>Pass-Through from Radiation Oncology Department</i>		RTOG-1016 01		1,545	1,545
<i>Pass-Through from Radiological Society of North America</i>		HHSN268201000050C 01		8,918	8,918
<i>Pass-Through from Rand Corporation</i>		HHSP23320095649WC		31,133	31,133
<i>Pass-Through from SAIC-Frederick, Inc.</i>		13X5034		3,931	3,931
<i>Pass-Through from SAIC-Frederick, Inc.</i>		13XS071		93,163	93,163
<i>Pass-Through from SAIC-Frederick, Inc.</i>		13XS120/HHSN26120080		9,127	9,127
<i>Pass-Through from SAIC-Frederick, Inc.</i>		28XS099 01		35,106	35,106
<i>Pass-Through from SAIC-Frederick, Inc.</i>		HHSN261200800001E		41,949	41,949

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
<i>Pass-Through from SAIC-Frederick, Inc.</i>		HHSN261200800001E 01		71,519	71,519
<i>Pass-Through from SAIC-Frederick, Inc.</i>		SAIC 29XS143 03		444,068	444,068
<i>Pass-Through from Science Applications International Corp.</i>		12XS348/HHSN26120080		205,764	205,764
<i>Pass-Through from Scripps Research Institute</i>		5-20097		1,158	1,158
<i>Pass-Through from Scripps Research Institute</i>		5-20174		80,793	80,793
<i>Pass-Through from Social and Scientific Systems, Inc.</i>		CRB-SSS-S-12-002253		7,447	7,447
<i>Pass-Through from Southwest Oncology Group</i>		1		485	485
<i>Pass-Through from Southwest Oncology Group</i>		S0342		(209)	(209)
<i>Pass-Through from St. Jude Children's Research Hospital</i>		N01-AI-70005		38,941	38,941
<i>Pass-Through from Stony Brook University</i>		U01OH010416		46,992	46,992
<i>Pass-Through from TMF Health Quality Institute</i>		10SOW		18,692	18,692
<i>Pass-Through from Tulane University Medical Center</i>		HHSN272200900049C		430,894	430,894
<i>Pass-Through from University North Carolina at Chapel Hill</i>		5-35131 UTA11-000657		21,772	21,772
<i>Pass-Through from University of Alabama - Birmingham</i>		N01AI30025		91,340	91,340
<i>Pass-Through from University of California - San Diego</i>		HHSN271201000027C		137,682	137,682
<i>Pass-Through from University of California - San Francisco</i>		N01 AI-15416 02		38,016	38,016
<i>Pass-Through from University of California - San Francisco</i>		N01AI15416		59,549	59,549
<i>Pass-Through from University of Colorado - Denver</i>		FY11.001.006 AMD		59,625	59,625
		FY12.001.011			
<i>Pass-Through from University of Georgia</i>		RU211-355/4892866		111,984	111,984
<i>Pass-Through from University of New Mexico</i>		DTRA 0103D0009		6,474	6,474
<i>Pass-Through from University of Oklahoma Health Science Center</i>		5N01CN-53300 02		(806)	(806)
<i>Pass-Through from University of Pennsylvania</i>		HHSN268200800003C		69,700	69,700
<i>Pass-Through from University of South Florida</i>		0000018677		11,823	11,823
<i>Pass-Through from University of Utah</i>		HHSN268200900046C		113,472	113,472
<i>Pass-Through from University of Wisconsin - Madison</i>		N01AI90052		1,122,643	1,122,643
<i>Pass-Through from Utah State University</i>		HHSN2720011000191		2,214	2,214
<i>Pass-Through from Veterans Administration</i>		V688P-2994	244,357	273,475	517,832
<i>Pass-Through from Washington University - St. Louis</i>		HHSN268201000046C		310,778	310,778
<i>Pass-Through from Westat Corp</i>		8821S001		79,206	79,206
<i>Pass-Through from Yale New Haven Health System</i>		UTHSCSA/YNHH-CHS		13,260	13,260
Total - CFDA 93.XXX			4,104,607	29,214,960	33,319,567
Cooperative Agreements to Improve the Health Status of Minority Populations	93.004			4,635	4,635
<i>Pass-Through from Morehouse College</i>		MPCMP081024		67,233	67,233
<i>Pass-Through from National Hispanic Medical Association</i>		NHMA-OMH-6-10		7,877	7,877
<i>Pass-Through from The American Legacy Foundation</i>		7008-TEXAS CONTRACT		77,479	77,479
Total - CFDA 93.004			0	157,224	157,224
Innovations in Applied Public Health Research	93.061		16,891		16,891
<i>Pass-Through from Positive Motion, LLC</i>		10/14/2012 (1R43DP003339)		10,909	10,909
<i>Pass-Through from The University of South Florida</i>		5810-1013-02-E		(368)	(368)
Total - CFDA 93.061			16,891	10,541	27,432
Laboratory Leadership, Workforce Training and Management Development, Improving Public Health Laboratory	93.065				
<i>Pass-Through from Association of Public Health Laboratories</i>		56400-200-620-13-02	36,079	57,347	93,426
Global AIDS	93.067				
<i>Pass-Through from Muhimbili University of Health and Allied Sciences</i>		U2GPS000951		145,191	145,191

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
Chronic Diseases: Research, Control, and Prevention	93.068			47,846	47,846
Public Health Emergency Preparedness	93.069		23,291	769,429	792,720
Family Smoking Prevention and Tobacco Control Act Regulatory Research	93.077				
<i>Pass-Through from University of Pittsburgh</i>		3U54DA031659-02		33,074	33,074
Healthy Marriage Promotion and Responsible Fatherhood	93.086		2,350	597,531	599,881
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092			79,098	79,098
<i>Pass-Through from Girls Incorporated</i>		90AK0017-0-00		12,213	12,213
<i>Pass-Through from Inter Tribal Council of Arizona, Inc.</i>		UTSPH-13-00 90AT0013		177,514	177,514
Total - CFDA 93.092			0	268,825	268,825
Food and Drug Administration Research	93.103			654,242	654,242
<i>Pass-Through from Harvard Pilgrim Health Care Institute</i>		FDAHHSF2232009100061		7,735	7,735
<i>Pass-Through from Johns Hopkins University</i>		5R01FD003898-02		1,520	1,520
<i>Pass-Through from University of Kansas Medical Center</i>		1R01FD00353802		5,481	5,481
<i>Pass-Through from University of Miami</i>		R01 FD003710		2,220	2,220
Total - CFDA 93.103			0	671,198	671,198
Maternal and Child Health Federal Consolidated Programs	93.110		68,149	566,709	634,858
<i>Pass-Through from Texas Children's Hospital</i>		1D70MC24126-01-00		83	83
<i>Pass-Through from Texas Health Institute</i>		THI-2012-01		32,230	32,230
Total - CFDA 93.110			68,149	599,022	667,171
Environmental Health	93.113		757,285	9,159,629	9,916,914
<i>Pass-Through from Baylor College of Medicine</i>		5R01ES01968903		28,845	28,845
<i>Pass-Through from Biotex, Inc.</i>		C2140		39,156	39,156
<i>Pass-Through from Emmes Corporation</i>		B6400		104,117	104,117
<i>Pass-Through from Intelligent Optical Systems, Inc.</i>		IOS#3217--UTA		56,386	56,386
<i>Pass-Through from Lake Superior State University</i>		20122201201		6,598	6,598
<i>Pass-Through from Michigan State University</i>		1R1RES021968-01			
<i>Pass-Through from Mount Sinai School of Medicine</i>		5R01ES017777 02		5,303	5,303
<i>Pass-Through from Mount Sinai School of Medicine</i>		1R01ES02145201A1		152,712	152,712
<i>Pass-Through from Mount Sinai School of Medicine</i>		5R01ES01776704		128,299	128,299
<i>Pass-Through from Radikal Therapeutics Incorporated</i>		3U01ES02115402S1		1,784	1,784
<i>Pass-Through from Tulane University</i>		5U19ES020677-03		41,459	41,459
<i>Pass-Through from University North Carolina at Chapel Hill</i>		5-31826		3,955	3,955
<i>Pass-Through from University of California - Los Angeles</i>		5P01ES016732		129,248	129,248
<i>Pass-Through from University of Rochester</i>		5R01ES01725003		17,017	17,017
<i>Pass-Through from Washington State University</i>		101449G002612		14,692	14,692
Total - CFDA 93.113			757,285	9,889,200	10,646,485
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116			22,091	22,091
Oral Diseases and Disorders Research	93.121		453,373	9,353,223	9,806,596
<i>Pass-Through from Aquilus Pharmaceuticals, Inc.</i>		AQ- 1362/1R43DE022207		58,970	58,970

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
<i>Pass-Through from Baylor College of Medicine</i>		1R03DE021739-01A1 REVISED		86,840	86,840
<i>Pass-Through from Meharry Medical College</i>		110630HX142		38,080	38,080
<i>Pass-Through from Methodist Hospital Research Institute</i>		R01DE022676		83,410	83,410
<i>Pass-Through from President and Fellows of Harvard College</i>		5R01DE021051-02		(2,565)	(2,565)
<i>Pass-Through from President and Fellows of Harvard College</i>		5R01DE021051-04		161,419	161,419
<i>Pass-Through from Primus Consulting</i>		461631		96,852	96,852
<i>Pass-Through from Rann Research Corp</i>		1R43DE021936-01A1		23,891	23,891
<i>Pass-Through from Research Foundation of Stony Brook</i>		58291-2- 1096644/1104160		115,260	115,260
<i>Pass-Through from Research Foundation of SUNY</i>		1073219-150810		322,881	322,881
<i>Pass-Through from Rice University</i>		R22091		122,089	122,089
<i>Pass-Through from Seattle Biomedical Research Institute</i>		UT-1700/DE017541		1,508	1,508
<i>Pass-Through from Selenium Technologies Ltd</i>		R42DE018260		228,882	228,882
<i>Pass-Through from Tufts University</i>		3R01DE021464-02S1		16,380	16,380
<i>Pass-Through from University of Alabama - Birmingham</i>		000412838-005/1U19DE		616,481	616,481
<i>Pass-Through from University of California - Davis</i>		5R01DE015038-07		64,864	64,864
<i>Pass-Through from University of California - San Francisco</i>		7295SC		1,628	1,628
<i>Pass-Through from University of Iowa</i>		1000555741/U OF IOWA		234	234
<i>Pass-Through from University of Massachusetts Lowell</i>		R01DE021084		159,738	159,738
<i>Pass-Through from University of Massachusetts Lowell</i>		S51110000022697		75,918	75,918
<i>Pass-Through from University of Miami</i>		1R56DE021862-01		3,532	3,532
<i>Pass-Through from University of Michigan</i>		1K23DE020197 01		2,538	2,538
<i>Pass-Through from University of Pittsburgh</i>		5R01DE016148-08		136,529	136,529
<i>Pass-Through from University of Pittsburgh</i>		5U01DE020078-05		62,510	62,510
<i>Pass-Through from University of South Dakota</i>		USD1105/1R01DE021 084		(5,443)	(5,443)
Total - CFDA 93.121			453,373	11,825,649	12,279,022
Emergency Medical Services for Children	93.127				
<i>Pass-Through from Baylor College of Medicine</i>		1H34MC193470100		33,759	33,759
<i>Pass-Through from Baylor College of Medicine</i>		5H34MC19347-03-00		36,649	36,649
Total - CFDA 93.127			0	70,408	70,408
Grants to Increase Organ Donations	93.134			(3,375)	(3,375)
<i>Pass-Through from University Medicine and Dentistry of New Jersey</i>		1R38OT22184-01-00		184,264	184,264
Total - CFDA 93.134			0	180,889	180,889
Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135		253,984	1,724,536	1,978,520
<i>Pass-Through from Emory University</i>		5U48DP001909-04 REV		30,452	30,452
Total - CFDA 93.135			253,984	1,754,988	2,008,972
Injury Prevention and Control Research and State and Community Based Programs	93.136			245,490	245,490
<i>Pass-Through from Medical College of Wisconsin</i>		5 R01 CE001835-02		19,181	19,181
<i>Pass-Through from Medical College of Wisconsin Research Foundation</i>		1R01CE00183501		(4,861)	(4,861)
<i>Pass-Through from University of California - San Francisco</i>		R01CE001589		1,005	1,005

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
<i>Pass-Through from University of Utah</i>		10028739- 01/1U01CE022188-01		172,503	172,503
Total - CFDA 93.136			0	433,318	433,318
NIEHS Hazardous Waste Worker Health and Safety Training	93.142		156,859	113,374	270,233
NIEHS Superfund Hazardous Substances Basic Research and Education	93.143		393	63,088	63,481
Centers of Excellence	93.157			606,346	606,346
Human Genome Research	93.172		50,397	1,077,094	1,127,491
<i>Pass-Through from Baylor College of Medicine</i>		U54HG003273- 10/101568329		454,255	454,255
<i>Pass-Through from Johns Hopkins University</i>		2001505187/5U54HG0 06542-02		72,937	72,937
<i>Pass-Through from Seralogix, Inc.</i>		UT-SLX 01-2010		830	830
<i>Pass-Through from Stanford University</i>		7R01HG005855 02		100,788	100,788
<i>Pass-Through from University North Carolina at Chapel Hill</i>		3U01HG004803-04S1		40,768	40,768
<i>Pass-Through from University North Carolina at Chapel Hill</i>		5U01HG004803-04		291,142	291,142
<i>Pass-Through from University of Southern California</i>		159433/1R01HG006015		242,572	242,572
<i>Pass-Through from University of Washington</i>		U01HG006507		21,427	21,427
Total - CFDA 93.172			50,397	2,301,813	2,352,210
Research Related to Deafness and Communication Disorders	93.173		769,503	7,269,931	8,039,434
<i>Pass-Through from Case Western Reserve University</i>		5R01DC010816-02		136,040	136,040
<i>Pass-Through from McGill University</i>		5R01DC00578809		56,905	56,905
<i>Pass-Through from Nationwide Children's Hospital</i>		1R01DC011312-01A1		262	262
<i>Pass-Through from Nationwide Children's Hospital</i>		5R01DC011321-02		1,914	1,914
<i>Pass-Through from Northwestern University</i>		SP0003688/DC006243		229,055	229,055
<i>Pass-Through from Silicon Audio Labs, Inc.</i>		UTA 10-000483		29,930	29,930
<i>Pass-Through from Stanford University</i>		21059120-37668-A		26,760	26,760
<i>Pass-Through from University of Alabama - Birmingham</i>		HHSN263201200010C		99,602	99,602
<i>Pass-Through from University of Colorado</i>		1544294/R01DC001150		35,573	35,573
Total - CFDA 93.173			769,503	7,885,972	8,655,475
Disabilities Prevention	93.184			62,764	62,764
Graduate Psychology Education Program and Patient Navigator and Chronic Disease Prevention Program	93.191			112,699	112,699
Research and Training in Complementary and Alternative Medicine	93.213		554,786	2,658,095	3,212,881
<i>Pass-Through from Baylor College of Medicine</i>		5R21AT004673- 03REV NCE		34,006	34,006
<i>Pass-Through from Baylor College of Medicine</i>		R21AT004673		25,472	25,472
<i>Pass-Through from Medical College of Wisconsin</i>		R01AT005522	52,255	260,925	313,180
<i>Pass-Through from Mount Sinai School of Medicine</i>		0254-3205-4609		48,976	48,976
<i>Pass-Through from Ohio State University</i>		R01AT0065522	48,482	495,176	543,658
ARRA - Research and Training in Complementary and Alternative Medicine				233,533	233,533
Total - CFDA 93.213			655,523	3,756,183	4,411,706

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
National Research Service Awards Health Services Research Training	93.225		64,101	212,094	276,195
Research on Healthcare Costs, Quality and Outcomes	93.226		151,462	1,350,759	1,502,221
<i>Pass-Through from Agency for Healthcare Research and</i>		1R24HS02213401		158,561	158,561
<i>Pass-Through from Agency for Healthcare Research and</i>		5R01HS02064202		218,169	218,169
<i>Pass-Through from Baylor College of Medicine</i>		5R18HS017820-04REV		2,826	2,826
<i>Pass-Through from Brigham and Women's Hospital</i>		HHS A290200810010		23,981	23,981
<i>Pass-Through from University of Chicago</i>		FP049252-C		5,503	5,503
<i>Pass-Through from University of Washington</i>		1R01HS021233-01A1		50,077	50,077
<i>Pass-Through from Veterans Medical Research Foundation</i>		1 R01 HS021290-01A1		36,077	36,077
Total - CFDA 93.226			151,462	1,845,953	1,997,415
National Center on Sleep Disorders Research	93.233			1,571,688	1,571,688
Affordable Care Act (ACA) Abstinence Education Program	93.235			177,374	177,374
Policy Research and Evaluation Grants	93.239				
<i>Pass-Through from Stanford University</i>		60209608-104354-G		16,019	16,019
Mental Health Research Grants	93.242		2,818,791	26,582,857	29,401,648
<i>Pass-Through from Baylor College of Medicine</i>		5R01MH053932-14		2,406	2,406
<i>Pass-Through from Baylor College of Medicine</i>		5R01MH087692 03		(4,235)	(4,235)
<i>Pass-Through from Baylor College of Medicine</i>		R01MH053932		23,046	23,046
<i>Pass-Through from Biomedical Development Corporation</i>		STTR/R41MH091997		42,838	42,838
<i>Pass-Through from Brandeis University</i>		1R01MH086518		108,213	108,213
<i>Pass-Through from Center for Psychological Counseling</i>		2R44MH086152-03		52,888	52,888
<i>Pass-Through from Columbia University</i>		5 R01 MH084029 02		(628)	(628)
<i>Pass-Through from Columbia University</i>		5R01MH08110704		45,845	45,845
<i>Pass-Through from Duke University Medical Center</i>		R01MH081234		97,338	97,338
<i>Pass-Through from East Carolina University</i>		R34MH085118		10,428	10,428
<i>Pass-Through from Feinstein Institute for Medical Research</i>		500414-UTHSCSA-01		18,276	18,276
<i>Pass-Through from Georgia State University</i>		7R01MH092923 02		101,393	101,393
<i>Pass-Through from Johns Hopkins University</i>		5R01MH093665-02		194,579	194,579
<i>Pass-Through from Johns Hopkins University</i>		P01MH070306	23,765	406,581	430,346
<i>Pass-Through from Johns Hopkins University</i>		R01MH087233		11,748	11,748
<i>Pass-Through from Lifespan</i>		712-7420/MH079179-04		31,063	31,063
<i>Pass-Through from Medical University of South Carolina</i>		UTHSCSA/1R01MH08 3928		1,463	1,463
<i>Pass-Through from Mount Sinai School of Medicine</i>		1P50MH096890-01		150,668	150,668
<i>Pass-Through from Mount Sinai School of Medicine</i>		5P50MH06617210		95	95
<i>Pass-Through from Mount Sinai School of Medicine</i>		5P50MH066172-10		17	17
<i>Pass-Through from Mount Sinai School of Medicine</i>		5P50MH096890-02		13,527	13,527
<i>Pass-Through from Oregon Research Institute</i>		R01 MH086582		80,841	80,841
<i>Pass-Through from Oregon Research Institute</i>		R01MH097720		38,220	38,220
<i>Pass-Through from Polaris Health Directions, Inc.</i>		5R42MH078432 04		8,509	8,509
<i>Pass-Through from Purdue University</i>		R01MH060397		50,087	50,087
<i>Pass-Through from Research Foundation of Suny</i>		47509/1073358		221,112	221,112
<i>Pass-Through from Research Foundation of Suny</i>		47509/3R01MH080050-0		69,658	69,658
<i>Pass-Through from Rutgers University</i>		4755		37,260	37,260
<i>Pass-Through from University of California - Los Angeles</i>		1653 G KB153		(72)	(72)
<i>Pass-Through from University of California - San Diego</i>		10297621		10,914	10,914
<i>Pass-Through from University of California - San Francisco</i>		1R01MH096690-01A1		68,299	68,299
<i>Pass-Through from University of Maryland - Baltimore</i>		R01 MH080066		104,794	104,794
<i>Pass-Through from University of Pittsburgh</i>		5R01MH079082-05		5,150	5,150
<i>Pass-Through from University of South Florida</i>		HHSN26720080001		84,801	84,801
<i>Pass-Through from University of Southern California</i>		R01MH085548		43,071	43,071

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
<i>Pass-Through from University of Washington</i>		671626		1,233	1,233
<i>Pass-Through from Virginia Polytechnic Institute and State University</i>		7R01MH087692 03		31,459	31,459
<i>Pass-Through from Wake Forest University Health Sciences</i>		1R01MH092932		20,542	20,542
<i>Pass-Through from Washington University</i>		4R33MH081281-04		34,147	34,147
<i>Pass-Through from Yale University</i>		A07474 (MO9A10255)		224,181	224,181
<i>Pass-Through from Yale University</i>		M13A11596 (A08021)		6,560	6,560
<i>Pass-Through from Yale University</i>		M13A11613 (A09173)		62,824	62,824
Total - CFDA 93.242			2,842,556	29,093,996	31,936,552
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		42,594	78,802	121,396
<i>Pass-Through from Bcfs Health and Human Services</i>		22603		2,172	2,172
<i>Pass-Through from Bcfs Health and Human Services</i>		22603 AMD 3		42,422	42,422
<i>Pass-Through from Coalition for the Homeless</i>		UD1TI023517		23,338	23,338
<i>Pass-Through from Mercer University</i>		420635-UT-03		3,872	3,872
<i>Pass-Through from University of Georgia</i>		5R01MH08548504		186,032	186,032
Total - CFDA 93.243			42,594	336,638	379,232
Geriatric Academic Career Awards	93.250			206,399	206,399
Infant Adoption Awareness Training	93.254				
<i>Pass-Through from Adoption Exchange Association</i>		UTA11-001022		60,495	60,495
<i>Pass-Through from Adoption Exchange Association</i>		UTA12-001025		319,126	319,126
Total - CFDA 93.254			0	379,621	379,621
Occupational Safety and Health Program	93.262		549,601	1,063,441	1,613,042
<i>Pass-Through from Centers for Disease Control and Prevention</i>		5R21OH00944102	4,676	67,832	72,508
<i>Pass-Through from Colorado State University</i>		5U54OH008085-09		132,417	132,417
<i>Pass-Through from The University of Iowa</i>		1001103092		9,367	9,367
<i>Pass-Through from University of Iowa</i>		1001002083		(771)	(771)
<i>Pass-Through from University of Iowa</i>		426004813		7,240	7,240
Total - CFDA 93.262			554,277	1,279,526	1,833,803
Alcohol Research Programs	93.273		968,442	10,029,040	10,997,482
<i>Pass-Through from Alcohol Research Group</i>		1015639		36,468	36,468
<i>Pass-Through from Cleveland Clinic Foundation</i>		1U01AA021893-01		135,019	135,019
<i>Pass-Through from Cleveland Clinic Foundation</i>		5U01AA021893-02		2,031	2,031
<i>Pass-Through from Phase 5, Inc.</i>		2R42AA016990-02		77,779	77,779
<i>Pass-Through from Portland State University</i>		R01AA020063		29,711	29,711
<i>Pass-Through from Public Health Institute</i>		R01AA018119		470,256	470,256
<i>Pass-Through from San Diego State University Foundation</i>		53253J P1660 7809 211		66,734	66,734
<i>Pass-Through from San Diego State University Research Foundation</i>		53253J P1660 7806 211		137,438	137,438
<i>Pass-Through from San Diego State University Research Foundation</i>		53253J P1660 7806 211 (CARRYFWD)		1,866	1,866
<i>Pass-Through from University of Oklahoma Health Science Center</i>		UTHSCSA/1R01AA01 9691		155,106	155,106
<i>Pass-Through from University of Virginia</i>		5R01AA019720 03		273,593	273,593
<i>Pass-Through from University of Washington</i>		674621		15,030	15,030

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
ARRA - Alcohol Research Programs				510	510
Total - CFDA 93.273			968,442	11,430,581	12,399,023
Drug Abuse and Addiction Research Programs	93.279		1,841,902	23,596,101	25,438,003
<i>Pass-Through from Algomedix</i>		1R43DA031516		17,739	17,739
<i>Pass-Through from Columbia University, City of New York</i>		5R01DA02746004		221,962	221,962
<i>Pass-Through from Louisiana State University</i>		R34DA031937		13,084	13,084
<i>Pass-Through from Majestek Bioscience, LLC</i>		1R43DA02337401A1		726	726
<i>Pass-Through from Massachusetts General Hospital - East</i>		R34DA031038		5,260	5,260
<i>Pass-Through from Michigan State University</i>		RC100146UTEP		33,297	33,297
<i>Pass-Through from Mount Sinai School of Medicine</i>		5P01DA00822720		(8,228)	(8,228)
<i>Pass-Through from Mount Sinai School of Medicine</i>		5P01DA008227-21		224,976	224,976
<i>Pass-Through from National Development and Research Institutes, Inc.</i>		635AS		21,602	21,602
<i>Pass-Through from Pro - Change Behavior Systems, Inc.</i>		1/2R44DA024900-02		2,704	2,704
<i>Pass-Through from Southern Methodist University</i>		R01DA027533		45,753	45,753
<i>Pass-Through from Stanford University</i>		60043335-51013-B/R01		24,053	24,053
<i>Pass-Through from Temple University</i>		5 R01 DA025566-03		63,729	63,729
<i>Pass-Through from The Miriam Hospital</i>		5R01DA03077803		26,896	26,896
<i>Pass-Through from University of California - San Diego</i>		5R01DA026452		62,803	62,803
<i>Pass-Through from University of Georgia</i>		P30DA02782705		21,368	21,368
<i>Pass-Through from University of Pennsylvania</i>		5U01DA020830 07		498,775	498,775
<i>Pass-Through from University of Southern California</i>		8000001813	2,200	34,102	36,302
<i>Pass-Through from Virginia Polytechnic Institute and State University</i>		5R01DA011723 12		66,258	66,258
<i>Pass-Through from Virginia Polytechnic Institute and State University</i>		5R01DA011723-12		48,754	48,754
<i>Pass-Through from Virginia Polytechnic Institute and State University</i>		5R33DA026086 05		15,944	15,944
<i>Pass-Through from Washington University</i>		WU11-3:		69,679	69,679
<i>Pass-Through from West Virginia University Research Corp</i>		1R01DA029840 12-547- 7R01DA022370		232,561	232,561
Total - CFDA 93.279			1,844,102	25,339,898	27,184,000
Mental Health Research Career/Scientist Development Awards	93.281			6,699	6,699
<i>Pass-Through from Johns Hopkins University</i>		R01MH085554		26,902	26,902
Total - CFDA 93.281			0	33,601	33,601
Mental Health National Research Service Awards for Research Training	93.282			308,993	308,993
The Affordable Care Act: Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283		124,114	681,801	805,915
<i>Pass-Through from Association of Schools of Public Health</i>		S3933-28-28		1,335	1,335
<i>Pass-Through from City of Houston Health and Human Services</i>		REG 65-10		413	413
<i>Pass-Through from Mass Department of Public Health</i>		UTA10-001134		(1,689)	(1,689)
<i>Pass-Through from Stanford University</i>		27159540-50754-A AMD1		10,552	10,552
<i>Pass-Through from Stanford University</i>		27159540-50754-A AMD2		4,386	4,386
<i>Pass-Through from University of Michigan</i>		U50-MN000039		14,592	14,592
Total - CFDA 93.283			124,114	711,390	835,504
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		1,166,845	8,815,071	9,981,916
<i>Pass-Through from Boston University</i>		4500001075		125,391	125,391

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
<i>Pass-Through from Penn State Hershey College of Medicine</i>		R01EB014641		29,214	29,214
<i>Pass-Through from Purdue University</i>		4102-34837		1,009	1,009
		PRIME: R01EB008388			
<i>Pass-Through from Purdue University</i>		7R01EB00838803		3,289	3,289
<i>Pass-Through from University of Arkansas</i>		SA1310024		7,611	7,611
<i>Pass-Through from University of Cincinnati</i>		5U54EB00795406		31,109	31,109
Total - CFDA 93.286			1,166,845	9,012,694	10,179,539
Teenage Pregnancy Prevention Program	93.297		1,712,048	1,631,456	3,343,504
Minority Health and Health Disparities Research	93.307		395,452	8,606,328	9,001,780
<i>Pass-Through from Florida International University</i>		5R24MD001779		16,066	16,066
<i>Pass-Through from San Diego State University</i>		56038D P3517 7803 AMD 4		1,393	1,393
<i>Pass-Through from University of Minnesota</i>		1U24MD006970 02		124,621	124,621
<i>Pass-Through from University of Minnesota</i>		5P60MD003422 02		17,192	17,192
Total - CFDA 93.307			395,452	8,765,600	9,161,052
Trans-NIH Research Support	93.310		105,743	5,843,053	5,948,796
<i>Pass-Through from Baylor College of Medicine</i>		5R01GM090310-04		180,100	180,100
<i>Pass-Through from Cornell University</i>		12101477; PO# 4100154821		104,213	104,213
<i>Pass-Through from Indiana University - Purdue University</i>		IN4624490UNTX		(2,281)	(2,281)
<i>Pass-Through from Indiana University - Purdue University</i>		IN4686679UNT		104,236	104,236
<i>Pass-Through from Profusa, Inc.</i>		10102012		260,748	260,748
<i>Pass-Through from University of Michigan</i>		5U10NS058930-04		(433)	(433)
Total - CFDA 93.310			105,743	6,489,636	6,595,379
General Clinical Research Centers	93.333				
<i>Pass-Through from Vanderbilt University</i>		R324A120123		14,480	14,480
National Center for Advancing Translational Sciences	93.350		47,853	14,891,858	14,939,711
Research Infrastructure Programs	93.351		(1,313)	5,655,282	5,653,969
<i>Pass-Through from University of Southern California</i>		32190371		7,592	7,592
Total - CFDA 93.351			(1,313)	5,662,874	5,661,561
Nurse Education, Practice Quality and Retention Grants	93.359			12,582	12,582
Biomedical Advanced Research and Development Authority (BARDA), Biodefense Medical Countermeasure Development	93.360		224,325	12,344,776	12,569,101
Nursing Research	93.361		190,830	2,586,485	2,777,315
<i>Pass-Through from Florida International University</i>		1R01NR013378-02		24,402	24,402
<i>Pass-Through from Kent State University</i>		443169-UNT		49,697	49,697
<i>Pass-Through from University of Arkansas Medical Sciences</i>		R01NR010235-06		34,186	34,186
<i>Pass-Through from University of Maryland - Baltimore</i>		8000001272		4,679	4,679
<i>Pass-Through from University of Pittsburgh</i>		1R01NR013170-01		6,272	6,272
Total - CFDA 93.361			190,830	2,705,721	2,896,551
National Center for Research Resources	93.389		644,238	13,284,697	13,928,935
<i>Pass-Through from Johns Hopkins University</i>		5U54RR02083908		1,646	1,646
<i>Pass-Through from Texas Biomedical Research Institute</i>		SFBR/NIH-09-2504.004		7,538	7,538

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
<i>Pass-Through from University of Oregon</i>		8000001721		127,371	127,371
Total - CFDA 93.389			644,238	13,421,252	14,065,490
Academic Research Enhancement Award	93.390		49,569	154,875	204,444
Cancer Cause and Prevention Research	93.393		1,259,441	25,302,507	26,561,948
<i>Pass-Through from Baylor College of Medicine</i>		1R01CA172511-01		78,611	78,611
<i>Pass-Through from Baylor College of Medicine</i>		5R01CA138836 03		38,263	38,263
<i>Pass-Through from Baylor College of Medicine</i>		5R21CA150977 02		(2,687)	(2,687)
<i>Pass-Through from Baylor College of Medicine</i>		7R01CA139020-04		43,819	43,819
<i>Pass-Through from Baylor College of Medicine</i>		R01 CA127219		11	11
<i>Pass-Through from City of Hope National Med Center Beckman Research I</i>		22109.914987.6697;PO B005639		11,051	11,051
<i>Pass-Through from Dana-Farber Cancer Institute</i>		1R01CA174206 01		48,198	48,198
<i>Pass-Through from Dartmouth Medical School</i>		U19CA148127		290,017	290,017
<i>Pass-Through from Digital Science Tech</i>		5R42CA123932 04		11,008	11,008
<i>Pass-Through from Digital Science Tech</i>		5R42CA139822 03		254,840	254,840
<i>Pass-Through from Duke University</i>		203-1437		10,176	10,176
<i>Pass-Through from Emory University</i>		5U101CA154282- 02/S874056		77,995	77,995
<i>Pass-Through from Emory University</i>		U01CA154282-02REV		59,713	59,713
<i>Pass-Through from Fred Hutchinson Cancer Research Center</i>		2R01CA54498 21A		13,107	13,107
<i>Pass-Through from Georgetown University</i>		5R01CA137625 02		107,604	107,604
<i>Pass-Through from Georgetown University Medical Center</i>		5U01CA152958 03		209,168	209,168
<i>Pass-Through from Group Health Research Institute</i>		3R01CA121125-05S		26,648	26,648
<i>Pass-Through from Indiana University</i>		IN4683003UTSA/R01 CA0		47,701	47,701
<i>Pass-Through from Indiana University</i>		R01CA136940-04		41,441	41,441
<i>Pass-Through from Johns Hopkins University</i>		5P01CA134292-05		263,215	263,215
<i>Pass-Through from Johns Hopkins University</i>		5R01CA154823 03		85,088	85,088
<i>Pass-Through from Kaiser Foundation Research Institute</i>		1R01CA140377 02A		13,084	13,084
<i>Pass-Through from Kaiser Foundation Research Institute</i>		1U24CA171524		7,015	7,015
<i>Pass-Through from Massachusetts General Hospital</i>		1C06CA059267 01		104,417	104,417
<i>Pass-Through from Mayo Clinic Rochester</i>		1R01CA154537 02		44,830	44,830
<i>Pass-Through from Mayo Clinic Rochester</i>		2U01CA118444 06		95,307	95,307
<i>Pass-Through from Medical College of Wisconsin</i>		5R01CA134682 05		57,324	57,324
<i>Pass-Through from Memorial Sloan Kettering Cancer Center</i>		1R01CA151899 02A		73,995	73,995
<i>Pass-Through from Memorial Sloan Kettering Cancer Center</i>		5R01CA129639 05		85,935	85,935
<i>Pass-Through from Northshore University Health System</i>		11101077/98010486; PO# 36399-200		(69,410)	(69,410)
<i>Pass-Through from Northshore University Health System</i>		EH12-358-S1		67,008	67,008
<i>Pass-Through from Radiant Creative Group, LLC</i>		5R42CA126453 04		103,540	103,540
<i>Pass-Through from Rice University</i>		5R01CA138640 03		43,115	43,115
<i>Pass-Through from St Jude Children's Research Hospital</i>		5R01CA157838 02		18,792	18,792
<i>Pass-Through from St Jude Children's Research Hospital</i>		5U01GM092666 03		164,725	164,725
<i>Pass-Through from University North Carolina - Chapel Hill</i>		5R01CA098286 09		157,066	157,066
<i>Pass-Through from University of Alabama - Birmingham</i>		5R01CA131653-04		7,738	7,738
<i>Pass-Through from University of Arizona</i>		1R01CA151708 01A		17,190	17,190
<i>Pass-Through from University of California - Berkeley</i>		5P01CA09258412		122,125	122,125
<i>Pass-Through from University of California Berkeley Lab</i>		2P01CA09258411		67,691	67,691
<i>Pass-Through from University of Iowa</i>		5R01CA140933 04		76,387	76,387
<i>Pass-Through from University of Miami</i>		66971E/R01CA155388		28,810	28,810
<i>Pass-Through from University of Michigan</i>		1R01CA152192 02		77,330	77,330
<i>Pass-Through from University of Minnesota</i>		P002323002		37,488	37,488
<i>Pass-Through from University of Minnesota</i>		R01CA151284		11,136	11,136

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
<i>Pass-Through from University of Minnesota</i>		R01CA157458		63,504	63,504
<i>Pass-Through from University of Pennsylvania</i>		1U01CA164947 01		20,861	20,861
<i>Pass-Through from University of Rochester</i>		1R01CA152093 01A		48,991	48,991
<i>Pass-Through from University of Southern California</i>		1R01CA157577-01A1		12,186	12,186
<i>Pass-Through from University of Southern California</i>		5R01CA134786 03		55,743	55,743
<i>Pass-Through from University of Southern California</i>		H50670		68,525	68,525
<i>Pass-Through from University of Southern California</i>		H51489/R01CA132637-5		(21,365)	(21,365)
<i>Pass-Through from University of Texas at Dallas</i>		1R03CA173834-01		6,526	6,526
<i>Pass-Through from University of Utah</i>		1R01CA164138		41,513	41,513
ARRA - Cancer Cause and Prevention Research			5,052	2,728	7,780
Total - CFDA 93.393			1,264,493	28,729,344	29,993,837
Cancer Detection and Diagnosis Research	93.394		6,426,740	14,009,648	20,436,388
<i>Pass-Through from American College of Radiology Imaging</i>		4490/5U01CA080098-10		14,096	14,096
<i>Pass-Through from American College of Radiology Imaging</i>		5U01CA080098 14		5,346	5,346
<i>Pass-Through from Baylor College of Medicine</i>		101710817		18,370	18,370
<i>Pass-Through from Baylor College of Medicine</i>		1R01CA163103 01		96,055	96,055
<i>Pass-Through from Baylor College of Medicine</i>		1R01CA166749-01A1		61,435	61,435
<i>Pass-Through from Brigham and Women's Hospital</i>		5U24CA144025 03		237,732	237,732
<i>Pass-Through from CDG Therapeutics, Inc.</i>		1RA43CA159771-01		76,085	76,085
<i>Pass-Through from Drexel University</i>		2P01CA082710 10		(2,589)	(2,589)
<i>Pass-Through from Drexel University</i>		5P01CA082710-09		24,786	24,786
<i>Pass-Through from GE Global Research Center</i>		1r01CA154433		95,277	95,277
<i>Pass-Through from Institute for Systems Biology</i>		5U24CA143835 04		329,629	329,629
<i>Pass-Through from Methodist Hospital Research Institute</i>		7R33CA122864 05		92,840	92,840
<i>Pass-Through from Mount Sinai Medical Center</i>		1R21CA156704 01		25,753	25,753
<i>Pass-Through from Nanospectra Biosciences, Inc.</i>		5R01CA151372 03		39,482	39,482
<i>Pass-Through from Rice University</i>		5R01CA103830-07		42,207	42,207
<i>Pass-Through from Rice University</i>		5R01 CA103830 07		160,072	160,072
<i>Pass-Through from Rice University</i>		5U01CA151886 03		170,819	170,819
<i>Pass-Through from Rice University</i>		R22083		173,197	173,197
<i>Pass-Through from Roswell Park Cancer Institute</i>		1R21CA162218-01		46,834	46,834
<i>Pass-Through from Stanford University</i>		1R01CA152923 01A		116,800	116,800
<i>Pass-Through from The Broad Institute</i>		5420134-5500000426		202,831	202,831
<i>Pass-Through from Tomowave Laboratories, Inc.</i>		1R01CA167446		32,835	32,835
<i>Pass-Through from University North Carolina at Chapel Hill</i>		5R01CA124400-05		7,867	7,867
<i>Pass-Through from University of Alabama - Birmingham</i>		1R21CA161633 01A1		54,337	54,337
<i>Pass-Through from University of California - San Francisco</i>		5U24CA126477		(12,691)	(12,691)
<i>Pass-Through from University of Maryland - Baltimore</i>		5U24CA115091 07		42,874	42,874
<i>Pass-Through from University of Michigan</i>		1R01CA160254		1,793	1,793
<i>Pass-Through from University of Michigan</i>		2U01CA086400 12		162,505	162,505
<i>Pass-Through from University of Michigan</i>		5U01CA086400 13		132,945	132,945
<i>Pass-Through from University of Nebraska</i>		5U01CA111294 08		78,456	78,456
<i>Pass-Through from University of Pittsburgh</i>		5R01CA108990 08		14,254	14,254
<i>Pass-Through from Vanderbilt University Medical Center</i>		5U01CA114771 06		533	533
<i>Pass-Through from Yale University</i>		1R01CA155196 01A1		294,536	294,536
ARRA - Cancer Detection and Diagnosis Research			43,378	146,839	190,217
Total - CFDA 93.394			6,470,118	16,993,788	23,463,906
Cancer Treatment Research	93.395		3,685,524	34,119,527	37,805,051
<i>Pass-Through from Alliance for Clinical Trials in Oncology</i>		7U10CA076001		575	575
<i>Pass-Through from American College of Radiology Imaging</i>		5U01CA080098 06		(1,377)	(1,377)
<i>Pass-Through from American College of Radiology Imaging</i>		5U10CA021661 27		25,579	25,579
<i>Pass-Through from American College of Radiology Imaging</i>		5U10CA021661 34		8,735	8,735

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
<i>Pass-Through from American College of Radiology Imaging</i>		5U10CA021661 35		16,248	16,248
<i>Pass-Through from American College of Radiology Imaging</i>		5U10CA21661 36		36,387	36,387
<i>Pass-Through from American College of Radiology Imaging</i>		TFED 36,37,38,39		(3,000)	(3,000)
<i>Pass-Through from American College of Radiology Imaging</i>		U10 CA021661		5,655	5,655
<i>Pass-Through from American College of Radiology Imaging</i>		U10CA021661		2,490	2,490
<i>Pass-Through from American College of Radiology Imaging</i>		U10CA21661		100,353	100,353
<i>Pass-Through from American College of Surgeons</i>		7U10CA076001 13		(16,599)	(16,599)
<i>Pass-Through from Baylor College of Medicine</i>		1R01CA14067401A1		15,128	15,128
<i>Pass-Through from Baylor College of Medicine</i>		5R01CA132899 02		71	71
<i>Pass-Through from Baylor College of Medicine</i>		5R01CA13289903		686	686
<i>Pass-Through from Baylor University</i>		5R01CA140674-03		55,846	55,846
<i>Pass-Through from Brigham and Women's Hospital</i>		7U10CA076001		300	300
<i>Pass-Through from Brigham and Women's Hospital</i>		7U10CA076001 16		10	10
<i>Pass-Through from Brigham and Women's Hospital</i>		7U10CA076001-16		819	819
<i>Pass-Through from Children's Hospital of Philadelphia</i>		U10CA098543		5,595	5,595
<i>Pass-Through from Children's Hospital of Philadelphia</i>		27450-9500020513-06C		48,754	48,754
<i>Pass-Through from Children's Hospital of Philadelphia</i>		9500010213/U10CA0985	11	32,080	32,091
<i>Pass-Through from Children's Hospital of Philadelphia</i>		9500010214-08C/U10CA		1,780	1,780
<i>Pass-Through from Children's Hospital of Philadelphia</i>		960358/U10CA098543		13,644	13,644
<i>Pass-Through from Children's Hospital of Philadelphia</i>		U01CA098543		20,035	20,035
<i>Pass-Through from Children's Hospital of Philadelphia</i>		U10CA098543		10,568	10,568
<i>Pass-Through from Children's Hospital of Philadelphia</i>		U10CA98543		70,994	70,994
<i>Pass-Through from Christiana Care Health Services</i>		7R01CA13896		144,416	144,416
<i>Pass-Through from Cincinnati Children's Hospital Medical Center</i>		5R01CA11916206		19,020	19,020
<i>Pass-Through from Dana-Farber Cancer Institute</i>		5R01CA10637008		105,303	105,303
<i>Pass-Through from Duke Clinical Research Institute</i>		5U10CA07600113		801	801
<i>Pass-Through from Duke Clinical Research Institute</i>		5U10CA07600115		45,628	45,628
<i>Pass-Through from Duke University Medical Center</i>		2U10CA076001 09		(5,022)	(5,022)
<i>Pass-Through from Duke University Medical Center</i>		5R01CA100835 09		2,892	2,892
<i>Pass-Through from Duquesne University</i>		G1100079/R01CA142868		153,472	153,472
<i>Pass-Through from Eastern Coop Oncology Group Coord Center</i>		5U10CA0211505		55,274	55,274
<i>Pass-Through from Emory University</i>		R01CA116804		4,241	4,241
<i>Pass-Through from Foundation for the Children's Oncology Group</i>		U01CA9745207		9,189	9,189
<i>Pass-Through from Frontier Science and Technology Research Foundation</i>		3U10CA086802 13S		(4,191)	(4,191)
<i>Pass-Through from Frontier Science and Technology Research Foundation</i>		5U10CA021115 38		9,393	9,393
<i>Pass-Through from Frontier Science and Technology Research Foundation</i>		ECOG U10CA021115		5,867	5,867
<i>Pass-Through from Gynecologic Oncology Group</i>		27469		11,669	11,669
<i>Pass-Through from Gynecologic Oncology Group</i>		5U10CA027469 23		182,003	182,003
<i>Pass-Through from Gynecologic Oncology Group</i>		5U10CA27469		48,678	48,678
<i>Pass-Through from Gynecologic Oncology Group</i>		CA27469		3,574	3,574
<i>Pass-Through from Indiana University</i>		IN-4679194-UTHSC		16,809	16,809
<i>Pass-Through from Introgen Research Institute</i>		1R43CA114924 01		(239)	(239)
<i>Pass-Through from Johns Hopkins University</i>		1U01CA137443		1,575	1,575
<i>Pass-Through from Louisiana State University</i>		7R01CA131463 04		87,644	87,644
<i>Pass-Through from Louisiana State University Health Science Center - Shreveport</i>		5R01RCA124758A 02		(15,477)	(15,477)
<i>Pass-Through from Massachusetts General Hospital</i>		5P01CA021239 33		1,681,719	1,681,719
<i>Pass-Through from Mayo Clinic Rochester</i>		1R01CA157481 01		17,970	17,970
<i>Pass-Through from Mayo Clinic Rochester</i>		5U10CA033601-35		33,769	33,769
<i>Pass-Through from Medical University of South Carolina</i>		MUSC13- 008/R21CA1585		2,645	2,645

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
<i>Pass-Through from Memorial Sloan Kettering Cancer Center</i>		HHSN261201000063C 02		68,329	68,329
<i>Pass-Through from National Childhood Cancer Foundation</i>		2U10CA09854306		61,722	61,722
<i>Pass-Through from National Childhood Cancer Foundation</i>		5U01CA097452 09		1,025	1,025
<i>Pass-Through from National Childhood Cancer Foundation</i>		5U10CA098543 09		3,248	3,248
<i>Pass-Through from National Childhood Cancer Foundation</i>		5U10CA98543 09		7,544	7,544
<i>Pass-Through from National Surgical Adjuvant Breast & Bowel</i>		TFED 36,37,38,39		4,801	4,801
<i>Pass-Through from National Childhood Cancer Foundation</i>		18977/CA098543		(6,409)	(6,409)
<i>Pass-Through from National Childhood Cancer Foundation</i>		98543-1217/CA098543	(11)	(16,323)	(16,334)
<i>Pass-Through from NSABP</i>		5U10CA012027 38		136	136
<i>Pass-Through from NSABP</i>		5U10CA012027 41extIII		33,046	33,046
<i>Pass-Through from Oregon Health Sciences University</i>		0		8,165	8,165
<i>Pass-Through from PLX Pharma, Inc.</i>		1R41CA171408-01A1		18,240	18,240
<i>Pass-Through from Radiation Oncology Department</i>		5U10CA021661 02		5,908	5,908
<i>Pass-Through from Radiation Oncology Department</i>		5U10CA021661 34		5,814	5,814
<i>Pass-Through from Radiation Oncology Department</i>		5U10CA021661 36		5,725	5,725
<i>Pass-Through from Radiation Oncology Department</i>		RTOG 0933 01		(1,412)	(1,412)
<i>Pass-Through from Radiation Oncology Department</i>		RTOG0234 01		1,001	1,001
<i>Pass-Through from Radiation Oncology Department</i>		RTOG0920 01		6,511	6,511
<i>Pass-Through from Radiation Oncology Department</i>		U10 CA021661 36		2,237	2,237
<i>Pass-Through from Southwest Oncology Group</i>		2U10CA105409 08		58,625	58,625
<i>Pass-Through from Southwest Oncology Group</i>		ECOG E2108 01		510	510
<i>Pass-Through from Southwest Oncology Group</i>		U10 CA105409		6,980	6,980
<i>Pass-Through from Southwest Oncology Group – University of Michigan</i>		63922		2,817	2,817
<i>Pass-Through from St Jude Children's Research Hospital</i>		2U24CA55727 19		9,983	9,983
<i>Pass-Through from St Jude Children's Research Hospital</i>		5R01CA129384 05		17,766	17,766
<i>Pass-Through from St Jude Children's Research Hospital</i>		5U24CA055727 19		372,103	372,103
<i>Pass-Through from St. Jude Children's Research Hospital</i>		2U24CA055727-18		6,880	6,880
<i>Pass-Through from St. Jude Children's Research Hospital</i>		5U24CA055727-19		1,230	1,230
<i>Pass-Through from Tensive Controls, Inc.</i>		2 R44 CA150703-02A1		197,058	197,058
<i>Pass-Through from Tetralogic Pharmaceuticals</i>		11-2-00070 01		18,295	18,295
<i>Pass-Through from The Research Institute at Nationwide Children's Hospital</i>		HHSN261201000001C		813,484	813,484
<i>Pass-Through from University of Arizona</i>		5P01CA017094 32		12,055	12,055
<i>Pass-Through from University of Arizona</i>		5R01CA138702 03		74,435	74,435
<i>Pass-Through from University of California - Irvine</i>		5R01CA158383-02		6,604	6,604
<i>Pass-Through from University of California - San Diego</i>		2P01CA081534-12A1		353,833	353,833
<i>Pass-Through from University of California - San Diego</i>		5P01CA081534-11		12,551	12,551
<i>Pass-Through from University of Cincinnati</i>		1R01CA168815-01A1		3,232	3,232
<i>Pass-Through from University of Medicine and Dentistry of New Jersey</i>		5R21CA131611 03		(339)	(339)
<i>Pass-Through from University of Michigan</i>		2U01CA032102 34		21,553	21,553
<i>Pass-Through from University of Michigan</i>		2U10 CA03742928		64,923	64,923
<i>Pass-Through from University of Michigan</i>		2U10CA032102 34		70,473	70,473
<i>Pass-Through from University of Michigan</i>		2U10CA032102-34		18,770	18,770
<i>Pass-Through from University of Michigan</i>		5U10CA032102 33		1,038	1,038
<i>Pass-Through from University of Michigan</i>		5U10CA032402 34		15,341	15,341
<i>Pass-Through from University of Michigan</i>		CA32102		56,025	56,025
<i>Pass-Through from University of Michigan</i>		F031896/U10CA32102		25,086	25,086
<i>Pass-Through from University of Michigan</i>		F205216/2U10CA32102		18,994	18,994
<i>Pass-Through from University of Michigan</i>		SWOG/CTEP,CA32102		76,461	76,461
<i>Pass-Through from University of Michigan</i>		U10 CA0321034		2,706	2,706
<i>Pass-Through from University of Pennsylvania</i>		R01CA135509		77,140	77,140
<i>Pass-Through from University of Pittsburgh</i>		0010723		114,829	114,829
<i>Pass-Through from University of Rochester</i>		1R01CA159013 01		28,608	28,608
<i>Pass-Through from University of Rochester</i>		5-28483		6,076	6,076
<i>Pass-Through from Washington University - St. Louis</i>		3U24CA081647 13S1		95,237	95,237

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
<i>Pass-Through from Washington University - St. Louis</i>		5U24CA081647 13		(12,336)	(12,336)
Total - CFDA 93.395			3,685,524	40,047,839	43,733,363
Cancer Biology Research	93.396		3,703,282	28,163,266	31,866,548
<i>Pass-Through from Baylor College of Medicine</i>		5 U01 CA105352 05		(325)	(325)
<i>Pass-Through from Baylor College of Medicine</i>		5600468817		33,723	33,723
<i>Pass-Through from Baylor College of Medicine</i>		5U01CA141497-04		15,706	15,706
<i>Pass-Through from H. Lee Moffitt Cancer Center and Research</i>		5U01CA151924-02		121,888	121,888
<i>Pass-Through from Mount Sinai School of Medicine</i>		5R01CA13854605		136,872	136,872
<i>Pass-Through from Northwestern University</i>		60032272UTHSC/R01CA1		2,255	2,255
<i>Pass-Through from Oregon Health Sciences University</i>		APED10507 9006561		4,234	4,234
<i>Pass-Through from Pharmaseq, Inc.</i>		1 R43 CA132547-01A1		(3,866)	(3,866)
<i>Pass-Through from Rice University</i>		R21 CA147912		49,961	49,961
<i>Pass-Through from University of Minnesota</i>		R01 CA154998 01A1		22,566	22,566
<i>Pass-Through from University of Pennsylvania</i>		2 R01 CA089202 12		22,053	22,053
<i>Pass-Through from University of Pennsylvania</i>		5 R01 CA089442 05		(13,019)	(13,019)
<i>Pass-Through from University of Washington</i>		5 U01 CA141539 04		332,445	332,445
<i>Pass-Through from Yale University</i>		5 R01 CA126801 05		7,100	7,100
Total - CFDA 93.396			3,703,282	28,894,859	32,598,141
Cancer Centers Support Grants	93.397		4,189,021	38,110,661	42,299,682
<i>Pass-Through from Beth Israel Deaconess Medical Center</i>		5P50CA101942 9		20,464	20,464
<i>Pass-Through from Case Western Reserve University</i>		#RES506452		2	2
<i>Pass-Through from Case Western Reserve University</i>		5P50CA150964-02		98,455	98,455
<i>Pass-Through from Center for Transport Oncophysics</i>		U54CA143837		14,851	14,851
<i>Pass-Through from Dana-Farber Cancer Institute</i>		5U54CA15673203		55,892	55,892
<i>Pass-Through from Lawrence Berkeley National Laboratory</i>		5U54CA112970 07		(16,341)	(16,341)
<i>Pass-Through from Methodist Hospital Research Institute</i>		7U54CA143837 05		410,183	410,183
<i>Pass-Through from Methodist Hospital Research Institute</i>		U54 CA143837-05		191,081	191,081
<i>Pass-Through from Methodist Hospital Research Institute</i>		U54CA143837		58,451	58,451
<i>Pass-Through from Methodist Hospital Research Institute</i>		U54CA143837-05		12,927	12,927
<i>Pass-Through from Methodist Hospital Research Institute</i>		U54CA149196		34,136	34,136
<i>Pass-Through from Oregon Health Sciences University</i>		7U54CA112970 08		392,518	392,518
<i>Pass-Through from Princeton University</i>		#0000201	17,298	7,698	24,996
<i>Pass-Through from Sarcoma Alliance for Research Through Collaboration</i>		1U54CA168512 01		395,572	395,572
<i>Pass-Through from University North Carolina at Chapel Hill</i>		3U54CA153602-03S3		59,984	59,984
<i>Pass-Through from University of Arizona</i>		5 P50CA095060 09		121,356	121,356
<i>Pass-Through from University of Nebraska</i>		5P50CA12729704		1,075	1,075
<i>Pass-Through from University of Nebraska</i>		9172013		111,707	111,707
<i>Pass-Through from Washington University - St. Louis</i>		5P50CA134254 03		3,042	3,042
ARRA - Cancer Centers Support Grants				395	395
Total - CFDA 93.397			4,206,319	40,084,109	44,290,428
Cancer Research Manpower	93.398			7,787,412	7,787,412
<i>Pass-Through from Baylor College of Medicine</i>		1R25CA160078 02		54,658	54,658
<i>Pass-Through from Mount Sinai Medical Center</i>		5K07CA124668 06		4,145	4,145
<i>Pass-Through from University of Puerto Rico</i>		1K22CA166226 01A1		21,420	21,420
ARRA - Cancer Research Manpower				886	886
Total - CFDA 93.398			0	7,868,521	7,868,521
Cancer Control	93.399			753,444	2,560,253
				2,560,253	3,313,697

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
<i>Pass-Through from Black Hills Center for Indian Health</i>		1P50CA148110 03		53,651	53,651
<i>Pass-Through from Frontier Science and Technology Research Foundation</i>		5U10CA037403 26		(19,369)	(19,369)
<i>Pass-Through from Frontier Science and Technology Research Foundation</i>		SYMC27MF-00		42,043	42,043
<i>Pass-Through from Mayo Clinic Rochester</i>		1U10CA149950 02		32,823	32,823
<i>Pass-Through from Mayo Clinic Rochester</i>		5U10CA149950 02		16,844	16,844
<i>Pass-Through from National Surgical Adjuvant Breast & Bowel</i>		PFED25UTS01	29,100	36,276	65,376
<i>Pass-Through from National Childhood Cancer Foundation</i>		18001/CA95861		3,903	3,903
<i>Pass-Through from NSABP</i>		2U10CA037377		449,264	449,264
<i>Pass-Through from NSABP</i>		2U10CA037377 22		3,698	3,698
<i>Pass-Through from NSABP</i>		5U10CA037377 22		36,773	36,773
<i>Pass-Through from NSABP</i>		5U10CA037377 27		9,629	9,629
<i>Pass-Through from Southwest Oncology Group</i>		CA37429		34,044	34,044
<i>Pass-Through from University of Wisconsin - Madison</i>		5P50CA095817 10		168,457	168,457
<i>Pass-Through from Washington University - St. Louis</i>		WU-12-83		(167)	(167)
<i>Pass-Through from Washington University - St. Louis</i>		WU-13-155		20,108	20,108
Total - CFDA 93.399			782,544	3,448,230	4,230,774
Ruminant Feed Ban Support Project	93.449			255,007	255,007
Affordable Care Act (ACA) Public Health Training Centers Program	93.516			174,741	174,741
Centers for Disease Control and Prevention - Affordable Care Act (ACA) - Communities Putting Prevention to Work	93.520		3,000	723	3,723
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements;PPHF	93.521				
<i>Pass-Through from City of Houston Health and Human Services</i>		4600011359		135,791	135,791
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants	93.531		185,475	390,423	575,898
<i>Pass-Through from City of Austin</i>		CTG-ILA-UNI		77,644	77,644
<i>Pass-Through from City of Austin</i>		NA120000100		47,016	47,016
<i>Pass-Through from City of Houston Health and Human Services</i>		PO # 4500160060-1		18,886	18,886
Total - CFDA 93.531			185,475	533,969	719,444
Affordable Care Act (ACA) Childhood Obesity Research Demonstration	93.535		873,053	2,609,157	3,482,210
Temporary Assistance for Needy Families	93.558			50,934	50,934
Health Care Innovation Awards (HCIA)	93.610			949,870	949,870
<i>Pass-Through from Center for Health Care Services</i>		UTA12-000922		112,929	112,929
Total - CFDA 93.610			0	1,062,799	1,062,799
Developmental Disabilities Basic Support and Advocacy	93.630		34,769	670,053	704,822
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632			506,942	506,942

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
Social Services Research and Demonstration <i>Pass-Through from Northwestern University</i>	93.647	SP0020207- PROJ0005748		97,534	97,534
Adoption Opportunities <i>Pass-Through from Adoption Exchange Association</i>	93.652	UTA13-000317	380,010	1,330,014 37,030	1,710,024 37,030
Total - CFDA 93.652			380,010	1,367,044	1,747,054
Foster Care Title IV-E	93.658			(168)	(168)
Trans-NIH Recovery Act Research Support <i>Pass-Through from University of Pittsburgh</i>	93.701	0008749 (119484-2)		260 2,802	260 2,802
ARRA - Trans-NIH Recovery Act Research Support <i>Pass-Through from American College of Radiology Imaging Pass-Through from Boston University</i>		5RC2CA148190 02 4500000672 PRIME: 5RC2GM092602-02	1,671,453	5,735,452 148,819 (188)	7,406,905 148,819 (188)
<i>Pass-Through from Children's Hospital of Philadelphia</i>		U10CA098543-10S4		13,138	13,138
<i>Pass-Through from Columbia University</i>		2 (5-38328)	40,473	2,001	42,474
<i>Pass-Through from Emmes Corporation</i>		1U01NS026835-01A1		8,796	8,796
<i>Pass-Through from Group Health Cooperative</i>		5RC2CA148577 02		1,804	1,804
<i>Pass-Through from John Wayne Cancer Institute</i>		5P01CA029605 29		(106)	(106)
<i>Pass-Through from Massachusetts General Hospital</i>		1RC4DK09095601		35,013	35,013
<i>Pass-Through from Massachusetts General Hospital</i>		RC4 CA156551		233,617	233,617
<i>Pass-Through from Mayo Clinic</i>		2R01NS041558-07		72,248	72,248
<i>Pass-Through from Methodist Hospital Research Institute</i>		5RC2GM092599 03		105,758	105,758
<i>Pass-Through from Methodist Hospital Research Institute</i>		RC2GM092599-03		473	473
<i>Pass-Through from National Childhood Cancer Foundation</i>		5U54A108297302		2,424	2,424
<i>Pass-Through from National Childhood Cancer Foundation</i>		ARRA - 19225		(7,039)	(7,039)
<i>Pass-Through from Pharmareview Corp</i>		5R42AI051050-05		1,842	1,842
<i>Pass-Through from Rice University</i>		ARRA - R2Z942		300	300
<i>Pass-Through from Rice University</i>		RC2DE020785		687	687
<i>Pass-Through from Sanford - Burnham Medical Research Institute</i>		5RC1HD06415902		509	509
<i>Pass-Through from Stanford University</i>		26346910-50316-C		(11,957)	(11,957)
<i>Pass-Through from Texas A&M Health Science Center Research Foundation</i>		5P30DE020742-02 SUB#99-S120034		7,392	7,392
<i>Pass-Through from Texas Heart Institute</i>		RC1HL100807		8,753	8,753
<i>Pass-Through from University of Arizona</i>		Y562126		(211)	(211)
<i>Pass-Through from University of California - San Diego</i>		1RC2AG03653501		406	406
<i>Pass-Through from University of Chicago</i>		1RC1CA145799 01		(7,628)	(7,628)
<i>Pass-Through from University of Colorado</i>		5RC2CA148394 02		27,537	27,537
<i>Pass-Through from University of Colorado Denver Cancer Center</i>		5RC2CA14839402		11,489	11,489
<i>Pass-Through from University of Florida</i>		UF12065		4,279	4,279
<i>Pass-Through from University of Georgia</i>		7U01AI08210303		177,468	177,468
<i>Pass-Through from University of Georgia at Athens</i>		ARRA - RU211-3554892		646	646
<i>Pass-Through from University of Minnesota</i>		5RC2MD004797 02		(1,693)	(1,693)
<i>Pass-Through from University of Pittsburgh</i>		3U01DK07214605S2		525	525
<i>Pass-Through from University of Pittsburgh</i>		5RC1HL10242902		573	573
<i>Pass-Through from University of Southern California</i>		5RC2AA019392 02		704	704
<i>Pass-Through from University of Utah</i>		HHSN268200900046C		37,514	37,514
<i>Pass-Through from University of Virginia</i>		ZC10075-139367		59,259	59,259
<i>Pass-Through from Washington University - St. Louis</i>		3U01NS04280406S1		31	31
Total - CFDA 93.701			1,711,926	6,673,697	8,385,623
ARRA - National Center For Research Resources, Recovery Act Construction Support	93.702			3,069,063	3,069,063

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
ARRA - Head Start	93.708		490,410		490,410
ARRA - Recovery Act - Comparative Effectiveness Research - AHRQ	93.715		22,628	361,023	383,651
<i>Pass-Through from Massachusetts General Hospital</i>		ARRA		209,973	209,973
<i>Pass-Through from New York University School of Medicine</i>		217197/1R01HS01		181,349	181,349
<i>Pass-Through from University of California - San Francisco</i>		1R01HS01921801		163,037	163,037
<i>Pass-Through from Vanderbilt University Medical Center</i>		6522SC / R01HS019312			
		5R01HS019356 02		21,695	21,695
Total - CFDA 93.715			22,628	937,077	959,705
ARRA - Health Information Technology Regional Extension Centers Program	93.718		687,922	1,746,297	2,434,219
ARRA - Health Information Technology Professionals in Health Care	93.721			1,386,538	1,386,538
<i>Pass-Through from Westat, Inc.</i>		HHSP23320095655WC		142,736	142,736
Total - CFDA 93.721			0	1,529,274	1,529,274
Strategic Health IT Advanced Research Projects (SHARP)	93.728			42,000	42,000
ARRA - Strategic Health IT Advanced Research Projects (SHARP)			1,228,517	2,707,237	3,935,754
<i>Pass-Through from President and Fellows of Harvard College</i>		90TR0001/01		116,581	116,581
Total - CFDA 93.728			1,228,517	2,865,818	4,094,335
Mental and Behavioral Health Education and Training Grants	93.732			127,342	127,342
Elder Abuse Prevention Interventions Program	93.747			194,765	194,765
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779			40,930	40,930
Health Careers Opportunity Program	93.822				
<i>Pass-Through from Charles Drew University</i>		U5MD008149		2,486	2,486
Cardiovascular Diseases Research	93.837		5,259,414	38,927,060	44,186,474
<i>Pass-Through from Baylor College of Medicine</i>		101548679	19,550	47,041	66,591
<i>Pass-Through from Baylor College of Medicine</i>		101621723		9,475	9,475
<i>Pass-Through from Baylor College of Medicine</i>		101621730		4,784	4,784
<i>Pass-Through from Baylor College of Medicine</i>		N01-HC-05268		485,796	485,796
<i>Pass-Through from Baylor College of Medicine</i>		R01HL095586		120,782	120,782
<i>Pass-Through from Case Western Reserve University</i>		R01HL086718-05		25,876	25,876
<i>Pass-Through from Children's Hospital of Philadelphia</i>		5U01HL098153		133,437	133,437
<i>Pass-Through from Clemson University</i>		1607-209-2006921		127,823	127,823
<i>Pass-Through from Columbia University</i>		R01-HL-48159		2	2
<i>Pass-Through from Georgia Health Sciences University</i>		24039-1/PO1 HL095499		34,383	34,383
<i>Pass-Through from Georgia Health Sciences University</i>		24039-2/1 P01 HL0954		264,948	264,948
<i>Pass-Through from Johns Hopkins University</i>		200138085		52,499	52,499
<i>Pass-Through from Medical College of Wisconsin</i>		1R01HL111392-01		85,225	85,225
<i>Pass-Through from Medical College of Wisconsin</i>		5R37HL074314-10		20,226	20,226
<i>Pass-Through from Medical University of Ohio</i>		NS 2006-048		328	328
<i>Pass-Through from New England Research Institutes</i>		5 U10 HL068270 11		879	879
<i>Pass-Through from New England Research Institutes</i>		5U10HL068270		1,685	1,685
<i>Pass-Through from New England Research Institutes</i>		U10HL068270		39,551	39,551

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
<i>Pass-Through from New York Medical College</i>		2P01HL034300-26A1		(6,532)	(6,532)
<i>Pass-Through from New York Medical College</i>		5P01034300-28		47,995	47,995
<i>Pass-Through from New York Medical College</i>		5P01HL034300-27		192,428	192,428
<i>Pass-Through from Planet Biotechnology, Inc.</i>		1R43HL11067-01A1		5,491	5,491
<i>Pass-Through from Prolude Medical</i>		R43HL112369		58,963	58,963
<i>Pass-Through from Research Foundation of SUNY</i>		55684-1091124/R01HL0		106,671	106,671
<i>Pass-Through from Research Triangle Institute</i>		5-312-		153,968	153,968
		0212746/HHSN268201			
<i>Pass-Through from Sanford - Burnham Institute of Medical Research</i>		R01HL113601		41,366	41,366
<i>Pass-Through from Social and Scientific Systems, Inc.</i>		R01HL095132		1,500	1,500
<i>Pass-Through from Southern Methodist University</i>		G001255-7500		19,912	19,912
<i>Pass-Through from Texas Heart Institute</i>		5U01HL087318-04		902	902
<i>Pass-Through from The University of Michigan</i>		3001750528		10,474	10,474
<i>Pass-Through from University North Carolina at Chapel Hill</i>		S-33065/R01HL111664		56,341	56,341
<i>Pass-Through from University of Alabama - Birmingham</i>		000418799-002		86,329	86,329
<i>Pass-Through from University of California - San Diego</i>		1R01HL113601		27,566	27,566
<i>Pass-Through from University of Cincinnati</i>		005724/R21 HL093532		1,975	1,975
<i>Pass-Through from University of Colorado - Denver</i>		1R34HL109369-01A1		9,906	9,906
<i>Pass-Through from University of Florida</i>		R01HL095508		38,981	38,981
<i>Pass-Through from University of Iowa</i>		1000998708	2,000	20,292	22,292
<i>Pass-Through from University of Iowa</i>		BAZALDUA/R01HL091841		11,846	11,846
<i>Pass-Through from University of Medicine and Dentistry of New Jersey</i>		5R01HL106788-03		13,925	13,925
<i>Pass-Through from University of Michigan</i>		3002038921/U01HL0943		17,193	17,193
<i>Pass-Through from University of Michigan</i>		5R01HL096498-02		(1,696)	(1,696)
<i>Pass-Through from University of Mississippi Medical Center</i>		67481-UTH04/ 5U01HL096917-04		339,304	339,304
<i>Pass-Through from University of Missouri - Columbia</i>		C00026480-1		2,379	2,379
<i>Pass-Through from University of Oklahoma Health Science Center</i>		RS20130511-02		67,249	67,249
<i>Pass-Through from University of Pittsburgh</i>		0004391 (112378-2)		280,862	280,862
<i>Pass-Through from University of the Incarnate Word</i>		UTHSCSA/SC2HL104639		655	655
<i>Pass-Through from University of Toledo</i>		942536-03		8,887	8,887
<i>Pass-Through from University of Toledo</i>		U01HL071556		2,928	2,928
<i>Pass-Through from University of Utah</i>		R01HL107241		13,563	13,563
<i>Pass-Through from University of Washington</i>		5R01HL103612-03		108,902	108,902
<i>Pass-Through from University of Washington</i>		5R01HL105756-03		54,889	54,889
<i>Pass-Through from University of Washington</i>		5U01HL07786307		758,790	758,790
<i>Pass-Through from University of Washington</i>		681784/R01HL093146		112,833	112,833
<i>Pass-Through from Vanderbilt University School of Medicine</i>		NUMBER VUMC40716		9,212	9,212
<i>Pass-Through from Wake Forest University Health Sciences</i>		1R01HL111362		763,763	763,763
<i>Pass-Through from Washington University</i>		1R01HL111249-01A1		485,164	485,164
<i>Pass-Through from Washington University - St. Louis</i>		WU-11- 102/1R34HL1054		9,965	9,965
<i>Pass-Through from Yale University</i>		R01 HL081153		4,752	4,752
<i>Pass-Through from Yale University</i>		R01HL081153		2,163	2,163
Total - CFDA 93.837			5,280,964	44,323,856	49,604,820
Lung Diseases Research	93.838		71,351	5,383,045	5,454,396
<i>Pass-Through from Baylor College of Medicine</i>		5R01HL110883-02		8,661	8,661
<i>Pass-Through from Duke Clinical Research Institute</i>		1U10HL08041301		79,626	79,626
<i>Pass-Through from George Washington University</i>		U01HL098354		18,466	18,466
<i>Pass-Through from Indiana University - Purdue University</i>		IN4624210UNT		91,005	91,005
<i>Pass-Through from Indiana University - Purdue University</i>		IN4685554UNT		(2,199)	(2,199)
<i>Pass-Through from Johns Hopkins University</i>		2P50HL08494605		17,583	17,583

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
<i>Pass-Through from National Jewish Health</i>		24021001/HL089897		596	596
<i>Pass-Through from Pulmotect, Inc.</i>		1R43HL115903 01		83,835	83,835
<i>Pass-Through from University North Carolina at Chapel Hill</i>		5R01HL097000 04		178,008	178,008
<i>Pass-Through from University of Alabama</i>		63690705		11,820	11,820
<i>Pass-Through from University of California</i>		R01HL089901		64,921	64,921
<i>Pass-Through from University of California</i>		R01HL089901-03		19,194	19,194
<i>Pass-Through from University of California - San Francisco</i>		5U01HL094338-04		28,286	28,286
<i>Pass-Through from University of California - San Francisco</i>		U01HL101798		58,031	58,031
<i>Pass-Through from University of Minnesota</i>		5R01HL094183 03		124,288	124,288
<i>Pass-Through from University of Pennsylvania</i>		1R01HL113988-01		77,859	77,859
<i>Pass-Through from University of Pennsylvania</i>		5U01HL08662204		51,804	51,804
<i>Pass-Through from University of Pittsburgh</i>		9007482 (119171-1)		30,833	30,833
<i>Pass-Through from University of Wisconsin - Madison</i>		5P01HL088594-05		141,089	141,089
<i>Pass-Through from University of Wisconsin - Madison</i>		P01HL088594		17,195	17,195
<i>Pass-Through from Vanderbilt University</i>		VUMC40492/R01HL1111		18,195	18,195
Total - CFDA 93.838			71,351	6,502,141	6,573,492
Blood Diseases and Resources Research	93.839			2,961,310	2,961,310
<i>Pass-Through from Baylor College of Medicine</i>		5R01HL095647 04		96,649	96,649
<i>Pass-Through from Baylor College of Medicine</i>		5R01HL095647-04		10,785	10,785
<i>Pass-Through from Baylor College of Medicine</i>		R01HL116524		81,309	81,309
<i>Pass-Through from Blood Center of Wisconsin</i>		5R01HL10580902		10,579	10,579
<i>Pass-Through from Blood Center of Wisconsin</i>		5R01HL10580903		5,694	5,694
<i>Pass-Through from Emory University</i>		R01HL082808-08		9,931	9,931
<i>Pass-Through from Memorial Sloan Kettering Cancer Center</i>		1R01HL111130 01A1		471	471
<i>Pass-Through from National Marrow Donor Program</i>		5U01HL069334		98,482	98,482
<i>Pass-Through from National Marrow Donor Program</i>		BMTCTN0102		10,284	10,284
<i>Pass-Through from National Marrow Donor Program</i>		R01HL085707		13,483	13,483
<i>Pass-Through from New England Research Institutes</i>		1U01HL065238		1,121	1,121
<i>Pass-Through from New England Research Institutes</i>		U01HL072268		40,707	40,707
<i>Pass-Through from Noninvasix Incorporated</i>		1R41HL10309501		2,446	2,446
<i>Pass-Through from Southwest Research Institute</i>		B99057LM/R21HL102775		4,079	4,079
<i>Pass-Through from St. Jude Children's Research Hospital</i>		5R01HL094396-05		9,467	9,467
<i>Pass-Through from University of Alabama - Birmingham</i>		N01-HC-95095		88,445	88,445
<i>Pass-Through from University of Miami</i>		5R01HL091749 04		1,697	1,697
<i>Pass-Through from Virginia Commonwealth University</i>		5P01HL10715202		587,946	587,946
Total - CFDA 93.839			0	4,034,885	4,034,885
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		581,278	6,230,559	6,811,837
<i>Pass-Through from Baylor College of Medicine</i>		5600462909		24,069	24,069
<i>Pass-Through from Baylor College of Medicine</i>		5600649856		25,266	25,266
<i>Pass-Through from Baylor College of Medicine</i>		7R01AR062056-02		30,114	30,114
<i>Pass-Through from Biochemanalysis Corporation</i>		5R44AR05499303		91,990	91,990
<i>Pass-Through from Biomedical Development Corporation</i>		R41AG044960		51,658	51,658
<i>Pass-Through from Drexel University</i>		232486/2R01AR04790		15,315	15,315
<i>Pass-Through from Duke University</i>		HHSN272201100025C		6,994	6,994
<i>Pass-Through from Duke University</i>		N01-AI-05419		3,151	3,151
<i>Pass-Through from Feinstein Institute for Medical Research</i>		5R01AR044422 13		10	10
<i>Pass-Through from Johns Hopkins University</i>		5R01AR04372712		27,715	27,715
<i>Pass-Through from Livionex Incorporated</i>		1R43AR06241901		125,516	125,516
<i>Pass-Through from Maine Medical Center</i>		0852-001		(20,532)	(20,532)
<i>Pass-Through from Maine Medical Center</i>		0942-001		(54)	(54)
<i>Pass-Through from Maine Medical Center</i>		2R01AR045433		16,586	16,586

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
<i>Pass-Through from University North Carolina at Chapel Hill</i>		5-32877		57,983	57,983
<i>Pass-Through from University North Carolina at Chapel Hill</i>		5-33100		81,653	81,653
<i>Pass-Through from University of Alabama - Birmingham</i>		0031024-008/AR049084		34,976	34,976
<i>Pass-Through from University of Alabama - Birmingham</i>		5P01AR049084-10		7,473	7,473
<i>Pass-Through from University of California - Irvine</i>		5R01AR05643902		(275)	(275)
Total - CFDA 93.846			581,278	6,810,167	7,391,445
Diabetes, Digestive, and Kidney Diseases Extramural	93.847		2,365,101	40,727,565	43,092,666
<i>Pass-Through from Academic Pediatric Association</i>		1R25DK096944-01		20,715	20,715
<i>Pass-Through from Arizona State University</i>		1R01DK09648801A1		4,608	4,608
<i>Pass-Through from Baylor College of Medicine</i>		101524931		149,506	149,506
<i>Pass-Through from Baylor College of Medicine</i>		101696623		26,428	26,428
<i>Pass-Through from Baylor College of Medicine</i>		101749303		15,733	15,733
<i>Pass-Through from Baylor College of Medicine</i>		2P30DK056338-11		100,147	100,147
<i>Pass-Through from Baylor College of Medicine</i>		5P30DK056338-09		640	640
<i>Pass-Through from Baylor College of Medicine</i>		5P30DK056338-10		13,697	13,697
<i>Pass-Through from Baylor College of Medicine</i>		5R01DK081553-04		58,024	58,024
<i>Pass-Through from Baylor College of Medicine</i>		5U19DK06243410		(2,105)	(2,105)
<i>Pass-Through from Case Western Reserve University</i>		2U01DK094157		181,931	181,931
<i>Pass-Through from Case Western Reserve University</i>		U01 DK094157		19,496	19,496
<i>Pass-Through from Case Western Reserve University</i>		U01DK094157		24	24
<i>Pass-Through from Children's Hospital of Philadelphia</i>		5U01DK066174-11		34,226	34,226
<i>Pass-Through from Children's Hospital of Philadelphia</i>		U01DK066174		13,415	13,415
<i>Pass-Through from Children's Hospital of Pittsburgh</i>		5U01DK072146-07		(59)	(59)
<i>Pass-Through from Crinetics Pharmaceuticals, Inc.</i>		1R43DK088501-01		1,042	1,042
<i>Pass-Through from Duke Clinical Research Institute</i>		U01DK083023		2,460	2,460
<i>Pass-Through from Duke University Medical Center</i>		2P01DK058398-11A1		387,190	387,190
<i>Pass-Through from Duke University Medical Center</i>		5P01DK058398-12		188,792	188,792
<i>Pass-Through from Emory University School of Medicine</i>		1R01DK08769402		15,491	15,491
<i>Pass-Through from George Washington University</i>		09-D16/U01 DK061230		14	14
<i>Pass-Through from George Washington University</i>		12-D15		267,556	267,556
<i>Pass-Through from George Washington University</i>		1U01DK098246-01		178,634	178,634
<i>Pass-Through from George Washington University</i>		SG/5U01DK061230-07		2,208	2,208
<i>Pass-Through from George Washington University</i>		S-GRD1213- EA33/U01DK		158,809	158,809
<i>Pass-Through from Georgia Health Sciences University</i>		3U24DK07616907S1		55,057	55,057
<i>Pass-Through from Georgia Health Sciences University</i>		5U24DK07616905		10,817	10,817
<i>Pass-Through from Georgia Health Sciences University</i>		U24DK076169		575,677	575,677
<i>Pass-Through from Georgia Institute of Technology</i>		RA982-G1		16	16
<i>Pass-Through from Indiana University</i>		IN4685565UTHSC/R01DK		17,625	17,625
<i>Pass-Through from Johns Hopkins University</i>		U01DK074008		6,077	6,077
<i>Pass-Through from Johns Hopkins University School of Medicine</i>		5U01DK082916-04		171,724	171,724
<i>Pass-Through from Johns Hopkins University School of Medicine</i>		U01 DK082916-05		39,461	39,461
<i>Pass-Through from Louisiana State University Health Sciences Center</i>		P01DK047385		118,521	118,521
<i>Pass-Through from Massachusetts General Hospital - East</i>		R21DK096334		44,427	44,427
<i>Pass-Through from Mount Sinai School of Medicine</i>		5U54DK08390903		81	81
<i>Pass-Through from Mount Sinai School of Medicine</i>		5U54DK08390904		197,576	197,576
<i>Pass-Through from New England Research Institutes</i>		U01 DK058229-10		78,330	78,330
<i>Pass-Through from New England Research Institutes</i>		U01DK58229		13,650	13,650
<i>Pass-Through from New England Research Institutes</i>		U01DK58234		3,201	3,201
<i>Pass-Through from New England Research Institutes</i>		UITN / U01DK58229		30,624	30,624
<i>Pass-Through from Pennington Biomedical Research Center</i>		DK092587-50338-S01		6,174	6,174

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
<i>Pass-Through from Pennsylvania State University</i>		5R01DK095078-02		42,376	42,376
<i>Pass-Through from Probetex, Inc.</i>		R42 DK077436		(287)	(287)
<i>Pass-Through from Profusa, Inc.</i>		B5690		79,247	79,247
<i>Pass-Through from Stanford University</i>		60264428-108299-B		72,211	72,211
<i>Pass-Through from Texas Biomedical Research Institute</i>		10-4116.002		(1,287)	(1,287)
<i>Pass-Through from Texas Biomedical Research Institute</i>		11-4318.002		83,399	83,399
<i>Pass-Through from Texas Biomedical Research Institute</i>		SFBR 09-4193.002		145,956	145,956
<i>Pass-Through from Tufts Medical Center</i>		U01DK098245-01		3,706	3,706
<i>Pass-Through from University of Alabama - Birmingham</i>		R01 DK082548		69,501	69,501
<i>Pass-Through from University of California - Davis</i>		1R01DK091823 01A		15,403	15,403
<i>Pass-Through from University of California - Davis</i>		5R01DK056839 10		10	10
<i>Pass-Through from University of Manchester</i>		5R01DK071066-04		672	672
<i>Pass-Through from University of Michigan</i>		U54DK083912		184	184
<i>Pass-Through from University of Missouri - Columbia</i>		C00034110-1		60,226	60,226
<i>Pass-Through from University of Pittsburgh</i>		5U01DK072146-08		31,930	31,930
<i>Pass-Through from University of Southern California</i>		(H51496) UTA12-000628		19,012	19,012
<i>Pass-Through from University of Utah</i>		5R01DK09293903	300	180,595	180,895
<i>Pass-Through from University of Utah</i>		R01DK091374-01		37,692	37,692
<i>Pass-Through from University of Wisconsin - Madison</i>		5R01DK092454-02		2,043	2,043
<i>Pass-Through from Vanderbilt University Medical Center</i>		2U01DK08952308		105,757	105,757
<i>Pass-Through from Vanderbilt University Medical Center</i>		5P01DK03822626		71,874	71,874
<i>Pass-Through from Vanderbilt University Medical Center</i>		5U01DK07247308		88,300	88,300
<i>Pass-Through from Vanderbilt University Medical Center</i>		5U01DK08957003		143,605	143,605
<i>Pass-Through from Vanderbilt University School of Medicine</i>		R21DK095257-02		4,066	4,066
<i>Pass-Through from Virginia Technologies, Inc.</i>		2R44DK08121702A1		137,263	137,263
<i>Pass-Through from Wake Forest University Health Sciences</i>		7R01DK071100-05		24,579	24,579
<i>Pass-Through from Washington University - St. Louis</i>		5U01DK082315-04		(104)	(104)
<i>Pass-Through from Washington University - St. Louis</i>		5U01DK082315-05		9,453	9,453
<i>Pass-Through from Wayne State University</i>		WSU10071 A1		23,913	23,913
<i>Pass-Through from Wellesley College</i>		2R01DK06193502		35,297	35,297
Total - CFDA 93.847			2,365,401	45,421,817	47,787,218
Digestive Diseases and Nutrition Research	93.848			19,126	19,126
<i>Pass-Through from Baylor College of Medicine</i>		5P30DK056338-10		56,049	56,049
Total - CFDA 93.848			0	75,175	75,175
Kidney Diseases, Urology and Hematology Research	93.849			500,863	500,863
<i>Pass-Through from Johns Hopkins University</i>		5U01DK066174-05		238	238
<i>Pass-Through from New England Research Institutes</i>		E-TOMUS/DK058229		20,530	20,530
<i>Pass-Through from New England Research Institutes</i>		SG/DK058229		4,159	4,159
<i>Pass-Through from New England Research Institutes</i>		VALUE STUDY		21,685	21,685
Total - CFDA 93.849			0	547,475	547,475
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		1,824,350	39,465,457	41,289,807
<i>Pass-Through from Agnes Scott College</i>		1R01NS073134 01A		(1,669)	(1,669)
<i>Pass-Through from ALA Scientific Instruments, Inc.</i>		061620052		13,862	13,862
<i>Pass-Through from ALA Scientific Instruments, Inc.</i>		1 R41 NS046182-01		668	668
<i>Pass-Through from Amprion, Inc.</i>		1R42NS079060-01		112,660	112,660
<i>Pass-Through from APT Therapeutics, Inc.</i>		1R43NS071655-01		3,358	3,358
<i>Pass-Through from APT Therapeutics, Inc.</i>		2R44NS060175-02		46,024	46,024

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
<i>Pass-Through from Athersys, Inc.</i>		1-U44-NS077511-01		131,729	131,729
<i>Pass-Through from Baylor College of Medicine</i>		3P01NS0386660-10S1		203,718	203,718
<i>Pass-Through from Baylor College of Medicine</i>		5R01 NS021889-28		10,844	10,844
<i>Pass-Through from Baylor College of Medicine</i>		5R01NS021889-28		7,350	7,350
<i>Pass-Through from Baylor College of Medicine</i>		P01NS038660		59,269	59,269
<i>Pass-Through from Cedars - Sinai Research Institute</i>		5R21DK08455402		2,686	2,686
<i>Pass-Through from Children's Hospital Boston</i>		1U01NS082320-01		195,342	195,342
<i>Pass-Through from Children's Hospital of Philadelphia</i>		2R01NS03857211A1		26,239	26,239
<i>Pass-Through from Christopher and Dana Reeves Foundation</i>		CTN5-2012(DC)		15,897	15,897
<i>Pass-Through from Cleveland Clinic Foundation</i>		1R01NS070896-01		25,167	25,167
<i>Pass-Through from Columbia University, City of New York</i>		5-30224		105,121	105,121
<i>Pass-Through from Emory University</i>		5 R01 NS076775-02		47,480	47,480
<i>Pass-Through from Georgia Health Sciences University</i>		23497-1/R01NS050730		76,286	76,286
<i>Pass-Through from Georgia State University</i>		R01 NS073134 01		72,733	72,733
<i>Pass-Through from Johns Hopkins University</i>		2000725876		53,820	53,820
<i>Pass-Through from Johns Hopkins University</i>		5R01NS046309-06, 07		15,666	15,666
<i>Pass-Through from Johns Hopkins University</i>		5U01NS06285103		4,602	4,602
<i>Pass-Through from Johns Hopkins University</i>		5U01NS062851-03		75,854	75,854
<i>Pass-Through from Johns Hopkins University</i>		R01NS076357		746,969	746,969
<i>Pass-Through from Massachusetts General Hospital</i>		2U01NS05259205		(11,634)	(11,634)
<i>Pass-Through from Medical University of South Carolina</i>		5U01NS05872804		7,929	7,929
<i>Pass-Through from Medical University of South Carolina</i>		MUSC12-045		23,252	23,252
<i>Pass-Through from Michigan State University</i>		re100223UTSMC		3,486	3,486
<i>Pass-Through from Molecular Neuroimaging, LLC</i>		2R42NS055475-04A1		42,254	42,254
<i>Pass-Through from Mount Sinai Medical Center</i>		1U01NS045719		66,577	66,577
<i>Pass-Through from Mount Sinai Medical Center</i>		5U01NS045719-09		86,977	86,977
<i>Pass-Through from New York University School of Medicine</i>		1R01NS076588-01A1		26,012	26,012
<i>Pass-Through from Northwestern University</i>		0600 370 J005 U		23,758	23,758
		TEXAS AUSTIN			
<i>Pass-Through from Northwestern University</i>		0600 370 S555/600212		180,650	180,650
<i>Pass-Through from Ohio State University</i>		60035397		31,258	31,258
<i>Pass-Through from Rfe Pharma</i>		2R42NS04877702		96	96
<i>Pass-Through from Rice University</i>		R01NS081854		60,989	60,989
<i>Pass-Through from RTI International</i>		U10HD057753		194,528	194,528
<i>Pass-Through from Rush University Medical Center</i>		U54NS065701		1,751	1,751
<i>Pass-Through from Seattle Children's Research Institute</i>		10595SUB		47,861	47,861
<i>Pass-Through from Seattle Children's Research Institute</i>		10689SUB		82,685	82,685
<i>Pass-Through from Seattle Children's Research Institute</i>		1R01NS065818-01A1		3,777	3,777
<i>Pass-Through from Seattle Children's Research Institute</i>		R01NS065818		1,383	1,383
<i>Pass-Through from The University of Arizona</i>		2R01NS00039951-09A1		51,064	51,064
<i>Pass-Through from University of Alabama - Birmingham</i>		000427597-002		20,636	20,636
<i>Pass-Through from University of Alabama - Birmingham</i>		5U01NS04268508		4,471	4,471
<i>Pass-Through from University of British Columbia</i>		2U01NS03852909		214	214
<i>Pass-Through from University of British Columbia</i>		F09-05407/U01NS03852		433	433
<i>Pass-Through from University of British Columbia</i>		F09-05964		(7,910)	(7,910)
<i>Pass-Through from University of British Columbia</i>		F09-05964/U01NS03852		50,117	50,117
<i>Pass-Through from University of British Columbia</i>		SPS3-10-10/U01NS0385		32,828	32,828
<i>Pass-Through from University of California</i>		P50NS044378-06		1,775	1,775
<i>Pass-Through from University of California - Davis</i>		1R01NS076856		53,997	53,997
<i>Pass-Through from University of California - Los Angeles</i>		1653GNA008		8,339	8,339
<i>Pass-Through from University of California - San Francisco</i>		5 R01 NS06280-03		(188)	(188)
<i>Pass-Through from University of California - San Francisco</i>		7173sc		783	783
<i>Pass-Through from University of California - San Francisco</i>		U01NS053998		(46)	(46)
<i>Pass-Through from University of Cincinnati</i>		5R01NS047603-08		119,153	119,153

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
<i>Pass-Through from University of Cincinnati</i>		5U01NS052220-02		116	116
<i>Pass-Through from University of Cincinnati</i>		5U01NS06976303		135,434	135,434
<i>Pass-Through from University of Cincinnati</i>		5U01NS069763-03		205,589	205,589
<i>Pass-Through from University of Cincinnati</i>		6883/1U01NS069763-03		142,150	142,150
<i>Pass-Through from University of Florida</i>		UF11071/R01NS073346		3,223	3,223
<i>Pass-Through from University of Iowa</i>		1R01NS38554		109	109
<i>Pass-Through from University of Maryland</i>		5U01NS069208-03		29,683	29,683
<i>Pass-Through from University of Maryland - Baltimore</i>		5R01NS055126 05		2,989	2,989
<i>Pass-Through from University of Massachusetts Medical School</i>		1R01NS07699101A1		53,458	53,458
<i>Pass-Through from University of Medicine and Dentistry of New Jersey</i>		5R01NS03838406		34,786	34,786
<i>Pass-Through from University of Medicine and Dentistry of New Jersey</i>		R01NS38384		4,407	4,407
<i>Pass-Through from University of Michigan</i>		1U0NS062778-01		150,577	150,577
<i>Pass-Through from University of Michigan</i>		5U01NS056975-02		98,761	98,761
<i>Pass-Through from University of Michigan</i>		U01NS040406		12,009	12,009
<i>Pass-Through from University of Michigan</i>		U01NS069498		30,776	30,776
<i>Pass-Through from University of Michigan - Ann Arbor</i>		3000911237		73,253	73,253
<i>Pass-Through from University of North Carolina</i>		5-33024		143,091	143,091
<i>Pass-Through from University of Pennsylvania</i>		SS1947 (PO: 3026862)		50,001	50,001
<i>Pass-Through from University of Rochester</i>		5R01NS04568605		1,666	1,666
<i>Pass-Through from University of Rochester</i>		5U01NS061799-03		1,008	1,008
<i>Pass-Through from University of Virginia</i>		1R21NS079986-01		135,778	135,778
<i>Pass-Through from University of Virginia</i>		5R01NS037666-07		4,446	4,446
<i>Pass-Through from University of Virginia</i>		5R21NS069524 02		13,412	13,412
<i>Pass-Through from University of Virginia</i>		5U01NS06949802		255,318	255,318
<i>Pass-Through from Vanderbilt University Medical Center</i>		5U54NS06573604		14,031	14,031
<i>Pass-Through from Washington University - St. Louis</i>		5P50NS055977-05		245,477	245,477
<i>Pass-Through from Washington University - St. Louis</i>		5U01NS04280407		8,253	8,253
<i>Pass-Through from Wayne State University</i>		5U01NS061264		36,466	36,466
<i>Pass-Through from Wayne State University</i>		5U01NS06126404		10,830	10,830
<i>Pass-Through from Yale University School of Medicine</i>		5U01NS04487607		12,412	12,412
ARRA - Extramural Research Programs in the Neurosciences and Neurological Disorders			17,650		17,650
<i>Pass-Through from University of Michigan</i>		U01NS062835		33,046	33,046
Total - CFDA 93.853			1,842,000	44,668,942	46,510,942
Allergy, Immunology and Transplantation Research	93.855		9,387,113	72,799,091	82,186,204
<i>Pass-Through from Albert Einstein College of Medicine</i>		5U19AI09117502		14,243	14,243
<i>Pass-Through from Alexion Antibody Technologies</i>		5 U01 AI061311-03		77	77
<i>Pass-Through from Altravax Incorporated</i>		5R43AI09134202		153	153
<i>Pass-Through from Altravax Incorporated</i>		6R43AI08001103		33,381	33,381
<i>Pass-Through from Baylor College of Medicine</i>		1R01AI09877501		189,803	189,803
<i>Pass-Through from Baylor College of Medicine</i>		1U01AI095050 02		9,707	9,707
<i>Pass-Through from Baylor College of Medicine</i>		5P30AI036211 17		8,955	8,955
<i>Pass-Through from Baylor College of Medicine</i>		5P30AI036211-18		224,667	224,667
<i>Pass-Through from Baylor College of Medicine</i>		5P30-AI036211-18 / 101668288		29,337	29,337
<i>Pass-Through from Baylor College of Medicine</i>		5P30-AI036211-18 REV		49,348	49,348
<i>Pass-Through from Baylor College of Medicine</i>		5P30AI036211- 18REV/ 5600832611		21,911	21,911
<i>Pass-Through from Baylor College of Medicine</i>		5R21AI088329-02		66,780	66,780
<i>Pass-Through from Baylor College of Medicine</i>		7R01AI091816-02		69,866	69,866
<i>Pass-Through from Baylor College of Medicine</i>		N01-AI-800002		104,512	104,512
<i>Pass-Through from Baylor Research Institute</i>		3U19AI08271503S1		95,426	95,426
<i>Pass-Through from Baylor Research Institute at Dallas</i>		41000411230		169,386	169,386

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
<i>Pass-Through from Bio - Synthesis, Inc.</i>		1R43AI08913801		72,202	72,202
<i>Pass-Through from Brandeis University</i>		AI093459		104,489	104,489
<i>Pass-Through from Brigham and Women's Hospital</i>		7UM1AI068636-07		78,730	78,730
<i>Pass-Through from Catholic University of America</i>		5U01AI08208603		28,940	28,940
<i>Pass-Through from Chrysalis Biotechnology</i>		5R44AI08613503		155,236	155,236
<i>Pass-Through from Cincinnati Children's Hosp. Medical Center</i>		HHSN272200800006C		69,792	69,792
<i>Pass-Through from Colorado State University</i>		5R01AI08048604		214,582	214,582
<i>Pass-Through from Columbia University</i>		5R25AI08056602		26,984	26,984
<i>Pass-Through from Covalent Bioscience Inc.</i>		1R41AI093261-01		127,737	127,737
<i>Pass-Through from Duke University Medical Center</i>		5U19AI05636307		35,450	35,450
<i>Pass-Through from Fred Hutchinson Cancer Research Center</i>		5UM1AI068614-06		52,220	52,220
<i>Pass-Through from Fred Hutchinson Cancer Research Center</i>		5UM1AI068614-07		373,372	373,372
<i>Pass-Through from Fundacao De Desenvolvimento Da Pesquisa</i>		01/2012/P50AI098507		27,009	27,009
<i>Pass-Through from George Washington University</i>		5UM1AI069503-07		583,492	583,492
<i>Pass-Through from Guild Associates, Inc.</i>		UTA13-000314		55,862	55,862
<i>Pass-Through from Harvard Medical School</i>		U54AI057159		26,166	26,166
<i>Pass-Through from Hawaii Biotech Incorporated</i>		1R43AI09822901		78,679	78,679
<i>Pass-Through from Hawaii Biotech Incorporated</i>		5R44AI05522505		43,839	43,839
<i>Pass-Through from Health Research, Inc.</i>		003706-01		543	543
<i>Pass-Through from Immuno - Mycologics, Inc.</i>		ANTIGEN		80,284	80,284
		IMMUNOASSAY			
<i>Pass-Through from Indiana University</i>		EP-391212		107,810	107,810
<i>Pass-Through from Institute for Clinical Research, Inc.</i>		1U01AI06864101		8,241	8,241
<i>Pass-Through from Institute for Clinical Research, Inc.</i>		M06-HO-024-0704-1		6,715	6,715
		U01-AI06864			
<i>Pass-Through from Institute for Clinical Research, Inc.</i>		U01-AI068641		65,736	65,736
<i>Pass-Through from Integrated Biotherapeutics Incorporated</i>		1R43AI09482901		34,180	34,180
<i>Pass-Through from Johns Hopkins University</i>		R01AI090820		20,650	20,650
<i>Pass-Through from KJ Biosciences, LLC</i>		504351		78,553	78,553
<i>Pass-Through from Louisiana State University Health Sciences Center</i>		5R01AI07232705		682	682
<i>Pass-Through from Lucigen Corporation</i>		5R21AI10018202		67,863	67,863
<i>Pass-Through from Luminex Corp</i>		5R01AI096228-02		361,508	361,508
		YR2 UTA12-000148			
<i>Pass-Through from Luminex Corp</i>		5R01AI096228-02		18,411	18,411
		YR3 UTA12-000148			
<i>Pass-Through from Luminex Corp</i>		R01AI096228-01-UTA		210	210
		YR1 UTA12-000148			
<i>Pass-Through from Luminex Corp</i>		UTA12-000949		39,964	39,964
<i>Pass-Through from Massachusetts General Hospital</i>		1U01AI067693-02		7,281	7,281
<i>Pass-Through from Maxygen Incorporated</i>		5R43AI06824802		147	147
<i>Pass-Through from Mayo Clinic Rochester</i>		1R01AI096996701		33,881	33,881
<i>Pass-Through from Medicines for Malaria Venture</i>		5U01AI07559403		7	7
<i>Pass-Through from Medicines for Malaria Venture</i>		5U01AI07559405		150,130	150,130
<i>Pass-Through from Mount Sinai School of Medicine</i>		0255-4431-4609		30,677	30,677
<i>Pass-Through from Mount Sinai School of Medicine</i>		1R21AI10179401A1		5,747	5,747
<i>Pass-Through from Mount Sinai School of Medicine</i>		5R01AI05953607		138,147	138,147
<i>Pass-Through from Mount Sinai School of Medicine</i>		5R21AI09756802		42,802	42,802
<i>Pass-Through from Norwell Incorporated</i>		2R44AI07163403		494,259	494,259
<i>Pass-Through from Norwell Incorporated</i>		5R43AI07163402		226	226
<i>Pass-Through from Oak Crest Institute of Science</i>		1R01AI20074401		109,576	109,576
<i>Pass-Through from Oklahoma State University</i>		AB-5-		18,635	18,635
		81170.UTHSCSA			
<i>Pass-Through from Pan Thera Biopharma, LLC</i>		5U01AI07806705		13,768	13,768
<i>Pass-Through from Profectus Biosciences Incorporated</i>		1R01AI09876001		335,794	335,794
<i>Pass-Through from Profectus Biosciences Incorporated</i>		5R01AI09881702		345,722	345,722

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
<i>Pass-Through from Protein Advances, Inc.</i>		R43AI103983	39,599	1,384,220	1,423,819
<i>Pass-Through from Protein Potential, LLC</i>		5R01AI09888402		10,499	10,499
<i>Pass-Through from Rice University</i>		R22041		125,428	125,428
<i>Pass-Through from Scripps Research Institute</i>		1U19AI100627-01		1,967,050	1,967,050
<i>Pass-Through from Scripps Research Institute</i>		HHSN272200700038C		(32,345)	(32,345)
<i>Pass-Through from Seattle Biomedical Research Institute</i>		5R01AI07896203		171,589	171,589
<i>Pass-Through from Social and Scientific Systems, Inc.</i>		ACTG PROTOCOL A5272		(2,179)	(2,179)
<i>Pass-Through from Tetrphase Pharmaceuticals, Inc.</i>		1R01AI093484-01		4,503	4,503
<i>Pass-Through from Tetrphase Pharmaceuticals, Inc.</i>		2012-04:R01AI093484		4,369	4,369
<i>Pass-Through from Texas Biomedical Research Institute</i>		11-4332.002/1R01AI09		247,318	247,318
<i>Pass-Through from Texas Biomedical Research Institute</i>		1R21AI096277-01A1		101,199	101,199
<i>Pass-Through from University of Alabama - Birmingham</i>		5R01AI073521-05		34,918	34,918
<i>Pass-Through from University of California - Berkeley</i>		SA5641-11595/BB00182		90,580	90,580
<i>Pass-Through from University of California - Davis</i>		SUB0900026		57,196	57,196
<i>Pass-Through from University of California - Irvine</i>		461141		(6,706)	(6,706)
<i>Pass-Through from University of California - Irvine</i>		5U01AI078214		17,231	17,231
<i>Pass-Through from University of California - Los Angeles</i>		5U01AI08210004		140,116	140,116
<i>Pass-Through from University of California - San Diego</i>		SG: 1P01AI074621-01		54,291	54,291
<i>Pass-Through from University of California - San Francisco</i>		4943SC/1P01AI071713		965	965
<i>Pass-Through from University of Colorado - Denver</i>		U19AI050864		4,809	4,809
<i>Pass-Through from University of Florida</i>		R01AI045050		14,803	14,803
<i>Pass-Through from University of Florida</i>		R01AI058150		263	263
<i>Pass-Through from University of Maryland</i>		5U19AI090873-03		771	771
<i>Pass-Through from University of Oklahoma Health Sciences Center</i>		RS20110200-03		40,709	40,709
<i>Pass-Through from University of Oklahoma Health Sciences Center</i>		RS20120975-02		69,835	69,835
<i>Pass-Through from University of Oklahoma Health Sciences Center</i>		R01AI090672		154,332	154,332
<i>Pass-Through from University of Pennsylvania</i>		1R21AI104441-01		36,509	36,509
<i>Pass-Through from University of Pittsburgh</i>		5R01AI08188602		26,374	26,374
<i>Pass-Through from University of Pittsburgh</i>		5R01AI09543602		89,800	89,800
<i>Pass-Through from University of Pittsburgh</i>		U19AI082623		27,523	27,523
<i>Pass-Through from University of South Alabama</i>		2R01AI02038427A1		47,880	47,880
<i>Pass-Through from University of Washington</i>		11R01AI08944104		131,410	131,410
<i>Pass-Through from University of Washington</i>		5R01AI09894302		127,015	127,015
<i>Pass-Through from Wake Forest University</i>		1R03AI10167501		11,675	11,675
<i>Pass-Through from Washington University - St. Louis</i>		5U54AI05716009		46,806	46,806
<i>Pass-Through from Washington University - St. Louis</i>		5U54AI05716010		11,458	11,458
<i>Pass-Through from Wayne State University</i>		1R21AI092055		99,397	99,397
<i>Pass-Through from Weill Medical College of Cornell University</i>		5R21AI09422302		78,023	78,023
Total - CFDA 93.855			9,426,712	84,049,207	93,475,919
Microbiology and Infectious Diseases Research	93.856		63,641	1,158,083	1,221,724
<i>Pass-Through from Baylor College of Medicine</i>		5P30AI036211-18		23,173	23,173
<i>Pass-Through from Cincinnati Children's Hospital Medical Center</i>		K12HD000850		(9,388)	(9,388)
<i>Pass-Through from University of Minnesota</i>		1U01AI46957-08		15,156	15,156
Total - CFDA 93.856			63,641	1,187,024	1,250,665
Biomedical Research and Research Training	93.859		1,917,790	51,428,527	53,346,317
<i>Pass-Through from AM Biotechnologies, LLC</i>		5R44GM084552 04		94,825	94,825
<i>Pass-Through from Atactic Technologies, Inc.</i>		R44GM076941		2,812	2,812
<i>Pass-Through from Baylor College of Medicine</i>		2T32GM008280 21A		(1,407)	(1,407)
<i>Pass-Through from Baylor College of Medicine</i>		5P01GM081627 04		635	635
<i>Pass-Through from Baylor College of Medicine</i>		5P01GM081627 05		28,076	28,076
<i>Pass-Through from Baylor College of Medicine</i>		5T32GM00828023		12,243	12,243
<i>Pass-Through from Baylor College of Medicine</i>		5T36GM095343-02		80,675	80,675

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
<i>Pass-Through from California Institute of Technology</i>		U54GM094610		561,895	561,895
<i>Pass-Through from Cornell University</i>		55038-9031		71,938	71,938
<i>Pass-Through from Cornell University at Ithaca, New York</i>		66252-10020		12,212	12,212
<i>Pass-Through from Dartmouth College</i>		1067		73,250	73,250
<i>Pass-Through from Emory University</i>		5R01GM084175-05		6,959	6,959
<i>Pass-Through from Hunter College</i>		5R01GM088530 04		63,955	63,955
<i>Pass-Through from Indiana University</i>		567583 PRIME: 2R01GM065414-05A1		63,618	63,618
<i>Pass-Through from Indiana University</i>		PO 853832		68,520	68,520
<i>Pass-Through from Iowa State University</i>		4304603A		61,621	61,621
<i>Pass-Through from Johns Hopkins University</i>		2R01GM075305-07		72,944	72,944
<i>Pass-Through from Mayo Clinic</i>		1R01GM102282-01A1		25,035	25,035
<i>Pass-Through from Mayo Clinic Rochester</i>		5U19GM061388 13		7,485	7,485
<i>Pass-Through from Michigan State University</i>		61-0822UT PRIME: R01AI06871801		3,300	3,300
<i>Pass-Through from Michigan State University</i>		61-0822UT		46,701	46,701
<i>Pass-Through from Michigan State University</i>		PRIME:R01AI06871801			
<i>Pass-Through from Michigan State University</i>		RC100326TAM		65,957	65,957
<i>Pass-Through from Monterey Bay Aquarium Research Institute</i>		PO# 0911094		63,104	63,104
<i>Pass-Through from National Institutes of Health</i>		101677806		11,526	11,526
<i>Pass-Through from New York Structural Biology Center</i>		U54GM094598-03		216,939	216,939
<i>Pass-Through from Northwestern University</i>		60034749		6,533	6,533
<i>Pass-Through from Operational Technologies Corporation</i>		1R43GM101712-01		48,184	48,184
<i>Pass-Through from Pennsylvania State University</i>		4614-TEES-DHHS-9999		123,438	123,438
<i>Pass-Through from Pharmareview Corp</i>		5R42GM079810-04		(45)	(45)
<i>Pass-Through from Princeton University</i>		1985		160,611	160,611
<i>Pass-Through from Progenitec, Inc.</i>		1R43GM101776- 01 (PRIME)		24,989	24,989
<i>Pass-Through from Research Foundation of SUNY</i>		1098763-2-59265		45,274	45,274
<i>Pass-Through from Rice University</i>		1R01GM106027 01		26,557	26,557
<i>Pass-Through from Rice University</i>		5R01GM086885		18,385	18,385
<i>Pass-Through from Rice University</i>		5R01GM094816 03		54,008	54,008
<i>Pass-Through from Rice University</i>		5R01GM096189 03		10,900	10,900
<i>Pass-Through from Rice University</i>		R01GM104974		158,343	158,343
<i>Pass-Through from Rockefeller University</i>		5U01GM09825602		124,705	124,705
<i>Pass-Through from Rutgers University</i>		4744		46,330	46,330
<i>Pass-Through from Scripps Research Institute</i>		(3R01GM096454-02S1)			
<i>Pass-Through from Scripps Research Institute</i>		5U24AI08265704		186,951	186,951
<i>Pass-Through from Stanford University</i>		5U24AI08265705		90,440	90,440
<i>Pass-Through from Stanford University</i>		60325810-25996-C 2P01GM066275		36,599	36,599
<i>Pass-Through from Sunnybrook Health Sciences Centre</i>		5R01GM08728503		16,953	16,953
<i>Pass-Through from Tufts University</i>		B1130		41,969	41,969
<i>Pass-Through from University North Carolina at Chapel Hill</i>		5-32101/2R01GM070335		19,087	19,087
<i>Pass-Through from University of Akron</i>		R01 GM086895		61,383	61,383
<i>Pass-Through from University of Arizona</i>		R01GM105480		3,752	3,752
<i>Pass-Through from University of California - San Diego</i>		5U54GM06933810		313,074	313,074
<i>Pass-Through from University of Florida</i>		U01GM074492		400,876	400,876
<i>Pass-Through from University of Georgia</i>		R21GM10452801A1		51,632	51,632
<i>Pass-Through from University of Massachusetts Medical School</i>		7R01GM074977 05		9,258	9,258
<i>Pass-Through from University of Michigan</i>		5P50GM065509-10		350,599	350,599
<i>Pass-Through from University of Minnesota</i>		5R01GM09551602		136,750	136,750
<i>Pass-Through from University of Nebraska</i>		24-6230-0104-002		62,879	62,879

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
<i>Pass-Through from University of New Mexico</i>		5R01GM079381 04		(2,573)	(2,573)
<i>Pass-Through from University of Virginia</i>		GC11617-132051		310	310
<i>Pass-Through from University of Washington</i>		5R01GM04272520		125,605	125,605
<i>Pass-Through from Washington University</i>		WU-13-255; PO 2917374W		78,364	78,364
<i>Pass-Through from Washington University - St. Louis</i>		5R01GM08059104		38,010	38,010
<i>Pass-Through from Wayne State University</i>		R01GM093110		17,202	17,202
<i>Pass-Through from Yale University</i>		M09A10314 (A08323)		130,245	130,245
ARRA - Biomedical Research and Research Training				21,527	21,527
Total - CFDA 93.859			1,917,790	56,182,449	58,100,239
Cellular and Molecular Basis of Disease Research	93.863				
<i>Pass-Through from Baylor College of Medicine</i>		5P01NS056202-05/PO 560085312		5,838	5,838
Population Research	93.864				
<i>Pass-Through from Yale University</i>		A07751/U10HD055925		123,071	123,071
Child Health and Human Development Extramural Research	93.865		3,286,941	23,505,727	26,792,668
<i>Pass-Through from Advanced Liquid Logic</i>		HD062316		30,548	30,548
<i>Pass-Through from Arkansas Children's Hospital Research Institute</i>		34587		2,877	2,877
<i>Pass-Through from Baylor College of Medicine</i>		101318513; 5600601479		30,208	30,208
<i>Pass-Through from Baylor College of Medicine</i>		HHSN275200800020C/ NO1-HD-80020		43,628	43,628
<i>Pass-Through from Baylor College of Medicine</i>		N01-HD-80020		49,536	49,536
<i>Pass-Through from Boston Biomedical Research Institute</i>		U54HD06084805		156,889	156,889
<i>Pass-Through from Children's Hospital Boston</i>		1R01HD06133601A1		3,491	3,491
<i>Pass-Through from Children's Hospital of Philadelphia</i>		P01HD070454		99,635	99,635
<i>Pass-Through from Children's Memorial Hospital</i>		R01HD045694		4,171	4,171
<i>Pass-Through from Children's Research Institute</i>		N01HD43393		(48,921)	(48,921)
<i>Pass-Through from Cincinnati Children's Hospital Medical Center</i>		2K12HD000850-28		17,252	17,252
<i>Pass-Through from Duke Clinical Research Institute</i>		1R01HD05795601		13,972	13,972
<i>Pass-Through from Emmes Corporation</i>		HHSN267200603425C		5,525	5,525
<i>Pass-Through from Florida State University</i>		R01HD30988		8	8
<i>Pass-Through from Geisinger Medical Center</i>		7R03HD068691; UTA12-000347		10,217	10,217
<i>Pass-Through from George Washington University</i>		5U10HD03680114		15,317	15,317
<i>Pass-Through from George Washington University</i>		U01HD068541		43,628	43,628
<i>Pass-Through from George Washington University</i>		U10HD036801		1,028,190	1,028,190
<i>Pass-Through from George Washington University</i>		U10HD036801/U01- HL098354		692,503	692,503
<i>Pass-Through from Johns Hopkins University</i>		2001613002		13,888	13,888
<i>Pass-Through from Noninvasix Incorporated</i>		1R41HD07656801		29,576	29,576
<i>Pass-Through from Noninvasix Incorporated</i>		1R43HD07555101		40,993	40,993
<i>Pass-Through from Oregon Research Institute</i>		R01HD064870		34,168	34,168
<i>Pass-Through from Oregon Research Institute</i>		R01HD071900		165,293	165,293
<i>Pass-Through from PLX Pharma, Inc.</i>		5R44HD061132-03		193,559	193,559
<i>Pass-Through from Radiant Creative Group, LLC</i>		1R42HD074324-01		97,951	97,951
<i>Pass-Through from Rehabilitation Institute of Chicago</i>		AWARD #5/R24HD050821-08		15,712	15,712
<i>Pass-Through from Research Triangle Institute</i>		U01HD021373 RFA- HD-04-010		169,643	169,643
<i>Pass-Through from Rhode Island Hospital</i>		R01HD072693		1,000,196	1,000,196

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
<i>Pass-Through from RTI International</i>		2U10HD04068911		68,839	68,839
<i>Pass-Through from RTI International</i>		U10HD054241		14,651	14,651
<i>Pass-Through from St Jude Children's Research Hospital</i>		5R21HD061296 02		(5,778)	(5,778)
<i>Pass-Through from Synthecon, Inc.</i>		R44HD058391		72,428	72,428
<i>Pass-Through from University of Alabama</i>		5R01HD06472903		75,390	75,390
<i>Pass-Through from University of Alabama - Birmingham</i>		5U01HD04053312		15,219	15,219
<i>Pass-Through from University of California - San Francisco</i>		5K12HD000849-25		142,739	142,739
<i>Pass-Through from University of Illinois - Chicago</i>		R01HD076018		5,072	5,072
<i>Pass-Through from University of Kansas Center for Research, Inc.</i>		5R21HD062874-02		8,515	8,515
<i>Pass-Through from University of Louisville Research Foundation</i>		OGMB070988-TX- AUSTIN		30,200	30,200
<i>Pass-Through from University of Maryland - College Park</i>		P01HD064653		130,239	130,239
<i>Pass-Through from University of Massachusetts Worcester</i>		5R03HD071263-02		30,175	30,175
<i>Pass-Through from University of Michigan</i>		5U01HD04124908		138,717	138,717
<i>Pass-Through from University of Nevada - Reno</i>		SFFA 11-12		135,439	135,439
<i>Pass-Through from University of New Mexico</i>		5R01HD064655 03		107,671	107,671
<i>Pass-Through from University of the Incarnate Word</i>		SG / G11HD052388		(20)	(20)
<i>Pass-Through from Washington University School of Medicine</i>		2K12HD000849-26		2,810	2,810
<i>Pass-Through from Weill Cornell Medical College</i>		11030423-02		49	49
<i>Pass-Through from Weill Cornell Medical College</i>		12101553-02 PO# 4100154335		253,670	253,670
Total - CFDA 93.865				3,286,941	28,691,405
				3,286,941	28,691,405
Aging Research	93.866		4,061,095	19,610,509	23,671,604
<i>Pass-Through from Albert Einstein College of Medicine</i>		9-526-3726		114,547	114,547
<i>Pass-Through from Boston University</i>		5R01AG033193-03		80,383	80,383
<i>Pass-Through from Case Western Reserve University</i>		P01AG014359		40,818	40,818
<i>Pass-Through from Case Western Reserve University</i>		RES503597		12,170	12,170
<i>Pass-Through from Columbia University</i>		1 R01 AG041797-01		67,682	67,682
<i>Pass-Through from Dartmouth College</i>		1166		25,796	25,796
<i>Pass-Through from Epigen Biosciences, Inc.</i>		1 R41 AG043243-01		104,730	104,730
<i>Pass-Through from Mayo Clinic</i>		1P01AG041122- 1/COREB		39,704	39,704
<i>Pass-Through from Mayo Clinic</i>		1P01AG041122- 1PROJ1		8,398	8,398
<i>Pass-Through from Minneapolis Medical Research Foundation</i>		1U01AG02982401A2		136,974	136,974
<i>Pass-Through from Minneapolis Medical Research Foundation</i>		ASPREE/U01AG029824		84,028	84,028
<i>Pass-Through from Minneapolis Medical Research Foundation</i>		PARCHMAN		116,235	116,235
<i>Pass-Through from Minneapolis Medical Research Foundation</i>		U01AG029824		35,966	35,966
<i>Pass-Through from Mount Sinai Medical Center</i>		5R01AG030141 05		17,786	17,786
<i>Pass-Through from Mount Sinai School of Medicine</i>		0254-9893-4609 2SUPP		51,277	51,277
<i>Pass-Through from Mount Sinai School of Medicine</i>		0254-9893-4609 2		300,019	300,019
<i>Pass-Through from Regenerative Research Foundation</i>		5012-UTexas		8,391	8,391
<i>Pass-Through from Rush University Medical Center</i>		R01AG040039-01A1		124,397	124,397
<i>Pass-Through from Southern Illinois University</i>		520317		243,786	243,786
<i>Pass-Through from University of California - San Diego</i>		2U01AG02490406		148,661	148,661
<i>Pass-Through from University of California - San Diego</i>		5U01AG01048321		42,242	42,242
<i>Pass-Through from University of California - San Diego</i>		AG10483 (31-UTD-RES)		11,116	11,116
<i>Pass-Through from University of Maryland - Baltimore</i>		1 R01 AG031535-01A2		36,865	36,865
<i>Pass-Through from University of Maryland - College Park</i>		1R21AG031387-01A2		1,487	1,487
<i>Pass-Through from University of Michigan</i>		3001000435		365,938	365,938
<i>Pass-Through from University of Michigan</i>		5P01AG02657106		19,642	19,642

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
<i>Pass-Through from University of Oklahoma Health Science Center</i>		SG/1R01AG038747-01		59,534	59,534
<i>Pass-Through from University of Washington</i>		5-U01-AG016976-14		23,658	23,658
Total - CFDA 93.866			4,061,095	21,932,739	25,993,834
Vision Research	93.867		120,618	19,094,693	19,215,311
<i>Pass-Through from Baylor College of Medicine</i>		5PN2EY01652509		645,280	645,280
<i>Pass-Through from Children's Hospital of Philadelphia</i>		950858RSUB/1U10EY017		38,119	38,119
<i>Pass-Through from Emmes Corporation</i>		HHS-N-260-2007-00001-C		76,907	76,907
<i>Pass-Through from Emory University</i>		5U10EY01327209		6,776	6,776
<i>Pass-Through from National Eye Institute</i>		R01EY001139		260,406	260,406
<i>Pass-Through from Nordic</i>		U10 EY017281		1,462	1,462
<i>Pass-Through from Ohio State University</i>		60033608-UT		40,733	40,733
<i>Pass-Through from St. Luke's Roosevelt Institute For Health</i>		NORDIC - U10EY017281		1,964	1,964
<i>Pass-Through from University of Rochester</i>		UR #5-24978		38,535	38,535
<i>Pass-Through from University of Utah</i>		2R01EY002576-35A1		81,984	81,984
<i>Pass-Through from University of Washington</i>		744350		99,726	99,726
<i>Pass-Through from Vital Art and Science, Inc.</i>		1R43EY02001601		31,830	31,830
Total - CFDA 93.867			120,618	20,418,415	20,539,033
Medical Library Assistance	93.879		196,771	951,515	1,148,286
<i>Pass-Through from Medical University of South Carolina</i>		5R56LM010680-02		102,298	102,298
<i>Pass-Through from Rice University</i>		T15LM07093		14,429	14,429
<i>Pass-Through from University of Wisconsin</i>		370K204		77,331	77,331
Total - CFDA 93.879			196,771	1,145,573	1,342,344
Health Care and Other Facilities	93.887			34,258	34,258
Specially Selected Health Projects	93.888			6,144	6,144
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	93.912			11,537	11,537
Ryan White HIV/AIDS Dental Reimbursement and Community Based Dental Partnership Grants	93.924			2,437	2,437
Special Projects of National Significance	93.928				
<i>Pass-Through from Special Health Resources of Texas, Inc.</i>		H97Ha07514-03-00		58,250	58,250
<i>Pass-Through from Special Health Resources of Texas, Inc.</i>		H97HA15147-01-00		67,409	67,409
Total - CFDA 93.928			0	125,659	125,659
HIV Prevention Activities Health Department Based	93.940			466,649	466,649
<i>Pass-Through from Cht Resource Group</i>		HHPMP1101013-01-00 SUB 1082010		26,375	26,375
<i>Pass-Through from City of Houston Health and Human Services</i>		U62/CCU606238		285,240	285,240
Total - CFDA 93.940			0	778,264	778,264
HIV Demonstration, Research, Public and Professional Education Projects	93.941			2,577	2,577
<i>Pass-Through from City of Houston Health and Human Services</i>		B12-001-5/4600008431		100,372	100,372
<i>Pass-Through from University of California</i>		444918-29945		5,286	5,286

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Health and Human Services (continued)					
<i>Pass-Through from University of North Carolina Charlotte</i>		20110387-02-UTX AMD 1		5,363	5,363
Total - CFDA 93.941			0	113,598	113,598
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946			25	25
Block Grants for Community Mental Health Services	93.958			498,435	498,435
Block Grants for Prevention and Treatment of Substance Abuse	93.959			112,931	112,931
PPHF-2012 Geriatric Education Centers <i>Pass-Through from Baylor College of Medicine</i> <i>Pass-Through from Health Resources and Services Agency</i>	93.969	5U84HP19052-03-00 PO5600688746		27,700 19,688	27,700 19,688
Total - CFDA 93.969			0	47,388	47,388
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988		16,594	9,362	25,956
International Research and Research Training	93.989		40,022	335,123	375,145
Maternal and Child Health Services Block Grant to the States	93.994			234,435	234,435
Adolescent Family Life Demonstration Projects <i>Pass-Through from Baylor College of Medicine</i>	93.995	4APHPA006069-02- 03 NCE		7,467	7,467
Test for Suppression Effects of Advanced Energy <i>Pass-Through from University of Washington</i> <i>Pass-Through from University of Washington</i>	93.999	5U01HL077863-07 746884 NIH:3 U01 HL077863-08S1	6,165,581	1,050,404 19,467	6,165,581 1,050,404
<i>Pass-Through from University of Washington</i> <i>Pass-Through from University of Washington</i>		U01HL077863-07 U01HL077863-08S1		4,775,841 40,986	4,775,841 40,986
Total - CFDA 93.999			6,165,581	5,886,698	12,052,279
Total - U.S. Department of Health and Human Services			79,642,671	784,744,450	864,387,121
Corporation for National and Community Service					
AmeriCorps <i>Pass-Through from One Star Foundation</i> <i>Pass-Through from One Star Foundation</i> <i>Pass-Through from One Star Foundation</i>	94.006	11AC123941 12AC141413 UTA10-000890		65,008 (8,050) 1,433,340 (582)	65,008 (8,050) 1,433,340 (582)
Total - CFDA 94.006			0	1,489,716	1,489,716
Total - Corporation for National and Community Service			0	1,489,716	1,489,716
Social Security Administration					
Social Security Research and Demonstration <i>Pass-Through from Regents of the University of Michigan</i>	96.007	3002516871UM13-07		23,286	23,286
Total - CFDA 96.007			0	23,286	23,286
Total - Social Security Administration			0	23,286	23,286

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Homeland Security					
National Urban Search and Rescue Response System	97.025			7,160	7,160
Emergency Management Institute Training Assistance	97.026			11,901	11,901
Hazard Mitigation Grant	97.039		1,064	88,159	89,223
Assistance to Firefighters Grant	97.044		134,019		134,019
<i>Pass-Through from Fema</i>		EMW-2010-FP-01812		307,870	307,870
<i>Pass-Through from Fire Protection Research Foundation</i>		UTA12-000223		210,652	210,652
<i>Pass-Through from National Development and Research</i>		EMW-2009-FP-01971		23,262	23,262
Total - CFDA 97.044			134,019	541,784	675,803
Citizen Corps	97.053			34,101	34,101
Centers for Homeland Security	97.061		921,897	2,158,225	3,080,122
<i>Pass-Through from Northeastern University</i>		504928PO0902311 14		100,712	100,712
<i>Pass-Through from Purdue University</i>		4112-31809		15,876	15,876
<i>Pass-Through from The Rutgers University</i>		475338014443		35,736	35,736
<i>Pass-Through from University of Arizona</i>		36960		23,273	23,273
<i>Pass-Through from University of Arizona</i>		C1270		25,540	25,540
<i>Pass-Through from University of North Carolina</i>		UNCCH-36456		46,147	46,147
Total - CFDA 97.061			921,897	2,405,509	3,327,406
Scientific Leadership Awards	97.062			350,863	350,863
Homeland Security Advanced Research Projects Agency	97.065			544,902	544,902
Homeland Security Information Technology Research, Testing, Evaluation and Demonstration Program	97.066			1,682,837	1,682,837
Homeland Security Grant Program	97.067				
<i>Pass-Through from Illinois Emergency Mgt Agency</i>		10SR TEXAS		49,432	49,432
Aviation Research Grants	97.069				
<i>Pass-Through from Systems Research and Applications Corporation</i>		S3600001		25	25
Homeland Security Research Development, Testing, Evaluation, and Demonstration of Technologies Related to Nuclear Threat Detection	97.077		100,198	1,070,706	1,170,904
Information Analysis Infrastructure Protection (IAIP) and Critical Infrastructure Monitoring and Protection	97.080			83,240	83,240
Homeland Security-related Science, Technology, Engineering and Mathematics (HS STEM) Career Development Program	97.104		147,397	11,400	158,797
Homeland Security, Research, Testing, Evaluation, and Demonstration of Technologies	97.108		100,514	134,466	234,980
National Nuclear Forensics Expertise Development Program	97.130				
<i>Pass-Through from Medical University of South Carolina</i>		MUSC12-109		7,179	7,179
<i>Pass-Through from Medical University of South Carolina</i>		MUSC12-110		39,852	39,852

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
RESEARCH AND DEVELOPMENT CLUSTER (continued)					
U.S. Department of Homeland Security (continued)					
<i>Pass-Through from Medical University of South Carolina</i>		MUSC13-002		32,455	32,455
Total - CFDA 97.130			0	79,486	79,486
Total - U.S. Department of Homeland Security			1,405,089	7,095,971	8,501,060
U. S. Agency for International Development					
U. S. Agency for International Development <i>Pass-Through from World Education, Inc.</i>	98.XXX	EGRA+QIM MOZAMBIQUE		140,385	140,385
USAID Foreign Assistance for Programs Overseas <i>Pass-Through from College of William and Mary</i>	98.001	740681-C	475,783	3,867,314	4,343,097
<i>Pass-Through from Colorado State University</i>		G-1090-1	180,607	140,452	140,452
<i>Pass-Through from Development Alternatives, Inc.</i>		5553-04S-017/ TO 002		189,648	370,255
<i>Pass-Through from Engility Corp.</i>		45000.5010.001.004- UTA-001 NO.3		(289)	(289)
<i>Pass-Through from Rice University</i>		AID-OAA-A-13-00014		263,708	263,708
<i>Pass-Through from The Louis Berger Group, Inc.</i>		08-2008-FD800-05		16,845	16,845
<i>Pass-Through from University of Florida</i>		ICARDA/WLI UF 11135		476,190	476,190
<i>Pass-Through from University of Illinois - Champaign - Urbana</i>		2013-05964-02		84	84
<i>Pass-Through from University of Nebraska</i>		EPP-A-00-06-00016-00		18,261	18,261
<i>Pass-Through from Washington State University</i>		119303 G003185		25,071	25,071
Total - CFDA 98.001			656,390	5,067,795	5,724,185
Non-Governmental Organization Strengthening (NGO) <i>Pass-Through from University of Iowa</i>	98.004	W000466673		25,291	25,291
USAID Development Partnerships for University Cooperation and Development <i>Pass-Through from Embassy of the Arab Republic of Egypt</i>	98.012	2013-0265	97,225	102,238	199,463
Total - CFDA 98.012			97,225	112,238	209,463
Total - U. S. Agency for International Development			753,615	5,345,709	6,099,324
Total Research and Development Cluster			129,669,024	1,466,142,632	1,595,811,656
STUDENT FINANCIAL ASSISTANCE CLUSTER					
U.S. Department of Education					
Federal Supplemental Educational Opportunity Grants	84.007			15,982,540	15,982,540
Federal Work-Study Program	84.033			21,717,078	21,717,078
ARRA - Federal Work-Study Program				(602)	(602)
Total - CFDA 84.033			0	21,716,476	21,716,476
Federal Perkins Loan Program Federal Capital Contributions	84.038			18,513,630	18,513,630
Federal Pell Grant Program	84.063			853,964,606	853,964,606
Federal Direct Student Loans	84.268			3,057,084,128	3,057,084,128

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
STUDENT FINANCIAL ASSISTANCE CLUSTER (continued)					
U.S. Department of Education (continued)					
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379			5,989,796	5,989,796
Postsecondary Education Scholarships for Veteran's Dependents	84.408			15,921	15,921
Total - U.S. Department of Education			<u>0</u>	<u>3,973,267,097</u>	<u>3,973,267,097</u>
U.S. Department of Health and Human Services					
Nurse Faculty Loan Program (NFLP)	93.264			447,063	447,063
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342			2,360,365	2,360,365
Nursing Student Loans	93.364			641,198	641,198
ARRA - Nurse Faculty Loan Program	93.408			9,534	9,534
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925			4,892,731	4,892,731
Total - U.S. Department of Health and Human Services			<u>0</u>	<u>8,350,891</u>	<u>8,350,891</u>
Total Student Financial Assistance Cluster			<u>0</u>	<u>3,981,617,988</u>	<u>3,981,617,988</u>
AGING CLUSTER					
U.S. Department of Health and Human Services					
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044		23,167,173	583,196	23,750,369
Special Programs for the Aging Title III, Part C Nutrition Services	93.045		39,261,238	907,929	40,169,167
Nutrition Services Incentive Program	93.053		8,888,279	4,875,009	13,763,288
Total - U.S. Department of Health and Human Services			<u>71,316,690</u>	<u>6,366,134</u>	<u>77,682,824</u>
Total Aging Cluster			<u>71,316,690</u>	<u>6,366,134</u>	<u>77,682,824</u>
CCDF CLUSTER					
U.S. Department of Health and Human Services					
Child Care and Development Block Grant	93.575		183,006,638	53,339,474	236,346,112
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		208,722,315	4,786,118	213,508,433
<i>Pass-Through from Upper Rio Grande Workforce Development Board</i>		10040C04		16,734	16,734
Total - CFDA 93.596			<u>208,722,315</u>	<u>4,802,852</u>	<u>213,525,167</u>
Total - U.S. Department of Health and Human Services			<u>391,728,953</u>	<u>58,142,326</u>	<u>449,871,279</u>
Total CCDF Cluster			<u>391,728,953</u>	<u>58,142,326</u>	<u>449,871,279</u>

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
CDBG - STATE-ADMINISTERED CDBG CLUSTER					
U.S. Department of Housing and Urban Development					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228		318,070,942	105,927,843	423,998,785
ARRA - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii - (Recovery Act Funded)	14.255		(5,400)	860	(4,540)
Total - U.S. Department of Housing and Urban Development			<u>318,065,542</u>	<u>105,928,703</u>	<u>423,994,245</u>
Total CDBG - State-Administered CDBG Cluster			<u>318,065,542</u>	<u>105,928,703</u>	<u>423,994,245</u>
CDBG ENTITLEMENT GRANTS CLUSTER					
U.S. Department of Housing and Urban Development					
Community Development Block Grants/Entitlement Grants <i>Pass-Through from City of Lubbock</i>	14.218	2011-2012 CDBG FUNDING		51,153 3,428	51,153 3,428
<i>Pass-Through from San Angelo Community Development Board</i>		2724A		18,267	18,267
Total - CFDA 14.218			<u>0</u>	<u>72,848</u>	<u>72,848</u>
Total - U.S. Department of Housing and Urban Development			<u>0</u>	<u>72,848</u>	<u>72,848</u>
Total CDBG Entitlement Grants Cluster			<u>0</u>	<u>72,848</u>	<u>72,848</u>
CENTERS FOR INDEPENDENT LIVING CLUSTER					
U.S. Department of Education					
Centers for Independent Living <i>Pass-Through from TIRR Memorial Hermann</i>	84.132	H132B070003		1,578	1,578
ARRA - Centers for Independent Living, Recovery Act. <i>Pass-Through from TIRR Memorial Hermann</i>	84.400	H400B100003		15,677	15,677
Total - U.S. Department of Education			<u>0</u>	<u>17,255</u>	<u>17,255</u>
Total Centers for Independent Living Cluster			<u>0</u>	<u>17,255</u>	<u>17,255</u>
CHILD NUTRITION CLUSTER					
U.S. Department of Agriculture					
School Breakfast Program	10.553		482,370,887	1,239,239	483,610,126
National School Lunch Program	10.555		1,361,572,411	2,299,782	1,363,872,193
Special Milk Program for Children	10.556		22,430		22,430
Summer Food Service Program for Children	10.559		45,882,465	1,057,050	46,939,515
Total - U.S. Department of Agriculture			<u>1,889,848,193</u>	<u>4,596,071</u>	<u>1,894,444,264</u>
Total Child Nutrition Cluster			<u>1,889,848,193</u>	<u>4,596,071</u>	<u>1,894,444,264</u>

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
DISABILITY INSURANCE/SSI CLUSTER					
Social Security Administration					
Social Security Disability Insurance	96.001			128,966,232	128,966,232
Total - CFDA 96.001			0	128,966,232	128,966,232
Total - Social Security Administration			0	128,966,232	128,966,232
Total Disability Insurance/SSI Cluster			0	128,966,232	128,966,232
ECONOMIC DEVELOPMENT CLUSTER					
U.S. Department of Commerce					
Investments for Public Works and Economic Development Facilities	11.300			479,864	479,864
Economic Adjustment Assistance	11.307			2,059,978	2,059,978
Total - U.S. Department of Commerce			0	2,539,842	2,539,842
Total Economic Development Cluster			0	2,539,842	2,539,842
EDUCATIONAL TECHNOLOGY STATE GRANTS CLUSTER					
U.S. Department of Education					
Education Technology State Grants	84.318		467,917	260	468,177
ARRA - Education Technology State Grants, Recovery Act	84.386		(331)		(331)
Total - U.S. Department of Education			467,586	260	467,846
Total Educational Technology State Grants Cluster			467,586	260	467,846
FOOD DISTRIBUTION CLUSTER					
U.S. Department of Agriculture					
Commodity Supplemental Food Program	10.565		11,454,086		11,454,086
Emergency Food Assistance Program (Administrative Costs)	10.568		7,617,947	33,214	7,651,161
Emergency Food Assistance Program (Food Commodities)	10.569		53,391,999		53,391,999
Total - U.S. Department of Agriculture			72,464,032	33,214	72,497,246
Total Food Distribution Cluster			72,464,032	33,214	72,497,246
EMPLOYMENT SERVICE CLUSTER					
U.S. Department of Labor					
Employment Service/Wagner-Peyser Funded Activities <i>Pass-Through from South Texas College</i>	17.207	2313WPB0001-01	10,436,093	41,272,743 10,000	51,708,836 10,000
Total - CFDA 17.207			10,436,093	41,282,743	51,718,836

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
EMPLOYMENT SERVICE CLUSTER (continued)					
U.S. Department of Labor (continued)					
Disabled Veterans' Outreach Program (DVOP)	17.801			5,449,843	5,449,843
Local Veterans' Employment Representative Program	17.804			6,341,802	6,341,802
Total - U.S. Department of Labor			10,436,093	53,074,388	63,510,481
Total Employment Service Cluster			10,436,093	53,074,388	63,510,481
FEDERAL TRANSIT CLUSTER					
U.S. Department of Transportation					
Federal Transit Capital Investment Grants	20.500		3,875,301		3,875,301
Total - CFDA 20.500			3,875,301	0	3,875,301
Total - U.S. Department of Transportation			3,875,301	0	3,875,301
Total Federal Transit Cluster			3,875,301	0	3,875,301
FISH AND WILDLIFE CLUSTER					
U.S. Department of the Interior					
Sport Fish Restoration Program	15.605		4,900	18,259,772	18,264,672
<i>Pass-Through from Oklahoma State University</i>		P148237		1,221	1,221
Total - CFDA 15.605			4,900	18,260,993	18,265,893
Wildlife Restoration and Basic Hunter Education	15.611		199,690	16,702,499	16,902,189
<i>Pass-Through from Montana State University</i>		G199-13-W4441		5,796	5,796
Total - CFDA 15.611			199,690	16,708,295	16,907,985
Total - U.S. Department of the Interior			204,590	34,969,288	35,173,878
Total Fish and Wildlife Cluster			204,590	34,969,288	35,173,878
FOSTER GRANDPARENT/SENIOR COMPANION CLUSTER					
Corporation for National and Community Service					
Foster Grandparent Program	94.011			2,290,006	2,290,006
Senior Companion Program	94.016			4,377	4,377
Total - Corporation for National and Community Service			0	2,294,383	2,294,383
Total Foster Grandparent/Senior Companion Cluster			0	2,294,383	2,294,383

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
HEALTH CENTERS CLUSTER					
U.S. Department of Health and Human Services					
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care)	93.224			762,307	762,307
Total - CFDA 93.224			0	762,307	762,307
Total - U.S. Department of Health and Human Services			0	762,307	762,307
Total Health Centers Cluster			0	762,307	762,307
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER					
U.S. Department of Transportation					
Highway Planning and Construction	20.205		246,394,767	2,231,485,520	2,477,880,287
<i>Pass-Through from Florida Department of Transportation</i>		D054148		3,703	3,703
<i>Pass-Through from University of Missouri - Columbia</i>		C00035610-1		28,526	28,526
<i>Pass-Through from Wyoming Department of Transportation</i>		UTA12-000498; RS06210		32,160	32,160
<i>Pass-Through from Wyoming Department of Transportation</i>		WYDOT/UTA Contract		23,749	23,749
ARRA - Highway Planning and Construction			40,979,472	119,625,910	160,605,382
Total - CFDA 20.205			287,374,239	2,351,199,568	2,638,573,807
Recreational Trails Program	20.219		3,650,195	1,333,779	4,983,974
Total - U.S. Department of Transportation			291,024,434	2,352,533,347	2,643,557,781
Total Highway Planning and Construction Cluster			291,024,434	2,352,533,347	2,643,557,781
HIGHWAY SAFETY CLUSTER					
U.S. Department of Transportation					
State and Community Highway Safety	20.600		14,910,331	3,220,735	18,131,066
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601		11,918,359	2,532,489	14,450,848
Occupant Protection Incentive Grants	20.602		459,180		459,180
State Traffic Safety Information System Improvement Grants	20.610			808,215	808,215
Incentive Grant Program to Increase Motorcyclist Safety	20.612		409,788		409,788
Child Safety and Child Booster Seats Incentive Grants	20.613		853,402		853,402
Total - U.S. Department of Transportation			28,551,060	6,561,439	35,112,499
Total Highway Safety Cluster			28,551,060	6,561,439	35,112,499

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
HOUSING VOUCHER CLUSTER					
U.S. Department of Housing and Urban Development					
Section 8 Housing Choice Vouchers	14.871			6,449,569	6,449,569
Total - CFDA 14.871			0	6,449,569	6,449,569
Total - U.S. Department of Housing and Urban Development			0	6,449,569	6,449,569
Total Housing Voucher Cluster			0	6,449,569	6,449,569
JAG PROGRAM CLUSTER					
U.S. Department of Justice					
Edward Byrne Memorial Justice Assistance Grant Program	16.738		11,822,074	4,196,544	16,018,618
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to States and Territories	16.803			499,750	499,750
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to States and Territories			102,480	128,926	231,406
Total - CFDA 16.803			102,480	628,676	731,156
Total - U.S. Department of Justice			11,924,554	4,825,220	16,749,774
Total JAG Program Cluster			11,924,554	4,825,220	16,749,774
MEDICAID CLUSTER					
U.S. Department of Health and Human Services					
State Medicaid Fraud Control Units	93.775			12,323,497	12,323,497
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777			38,014,630	38,014,630
Medical Assistance Program	93.778		39,437,663	17,317,950,064	17,357,387,727
Total - U.S. Department of Health and Human Services			39,437,663	17,368,288,191	17,407,725,854
Total Medicaid Cluster			39,437,663	17,368,288,191	17,407,725,854
SCHOOL IMPROVEMENT GRANTS CLUSTER					
U.S. Department of Education					
School Improvement Grants	84.377		41,355,556	1,408,265	42,763,821
ARRA - School Improvement Grants, Recovery Act	84.388		98,722,123		98,722,123
Total - U.S. Department of Education			140,077,679	1,408,265	141,485,944
Total School Improvement Grants Cluster			140,077,679	1,408,265	141,485,944

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
SNAP CLUSTER					
U.S. Department of Agriculture					
Supplemental Nutrition Assistance Program	10.551			5,943,338,526	5,943,338,526
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		17,804,260	178,092,015	195,896,275
Total - U.S. Department of Agriculture			<u>17,804,260</u>	<u>6,121,430,541</u>	<u>6,139,234,801</u>
Total SNAP Cluster			<u>17,804,260</u>	<u>6,121,430,541</u>	<u>6,139,234,801</u>
SPECIAL EDUCATION (IDEA) CLUSTER					
U.S. Department of Education					
Special Education Grants to States	84.027		893,272,830	37,487,161	930,759,991
<i>Pass-Through from Clear Creek Independent School District</i>		CLEARCREEKISD2013		28,120	28,120
<i>Pass-Through from Pasadena Independent School District</i>		PASADENAISD2013		28,120	28,120
<i>Pass-Through from Pearland Independent School District</i>		PEARLANDISD2013		28,120	28,120
Total - CFDA 84.027			<u>893,272,830</u>	<u>37,571,521</u>	<u>930,844,351</u>
Special Education Preschool Grants	84.173		22,525,471	86,990	22,612,461
Total - U.S. Department of Education			<u>915,798,301</u>	<u>37,658,511</u>	<u>953,456,812</u>
Total Special Education (IDEA) Cluster			<u>915,798,301</u>	<u>37,658,511</u>	<u>953,456,812</u>
STATEWIDE DATA SYSTEMS CLUSTER					
U.S. Department of Education					
Statewide Data Systems	84.372		(61,715)	2,682,003	2,620,288
ARRA - Statewide Data Systems, Recovery Act	84.384			10,744,831	10,744,831
Total - U.S. Department of Education			<u>(61,715)</u>	<u>13,426,834</u>	<u>13,365,119</u>
Total Statewide Data Systems Cluster			<u>(61,715)</u>	<u>13,426,834</u>	<u>13,365,119</u>
TANF CLUSTER					
U.S. Department of Health and Human Services					
Temporary Assistance for Needy Families	93.558		108,835,848	324,618,087	433,453,935
ARRA - Emergency Contingency Fund For Temporary Assistance For Needy Families (TANF) State Programs	93.714			2,574,538	2,574,538
Total - U.S. Department of Health and Human Services			<u>108,835,848</u>	<u>327,192,625</u>	<u>436,028,473</u>
Total TANF Cluster			<u>108,835,848</u>	<u>327,192,625</u>	<u>436,028,473</u>

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
TEACHER QUALITY PARTNERSHIP GRANTS CLUSTER					
U.S. Department of Education					
Teacher Quality Partnership Grants	84.336		71,170	782,993	854,163
Total - CFDA 84.336			71,170	782,993	854,163
Total - U.S. Department of Education			71,170	782,993	854,163
Total Teacher Quality Partnership Grants Cluster			71,170	782,993	854,163
TITLE I, PART A CLUSTER					
U.S. Department of Education					
Title I Grants to Local Educational Agencies	84.010		1,345,896,880	11,857,639	1,357,754,519
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389		(8,314)		(8,314)
<i>Pass-Through from Kingsville Independent School District</i>		SUB11-0106		86,420	86,420
Total - CFDA 84.389			(8,314)	86,420	78,106
Total - U.S. Department of Education			1,345,888,566	11,944,059	1,357,832,625
Total Title I, Part A Cluster			1,345,888,566	11,944,059	1,357,832,625
TRANSIT SERVICES PROGRAMS CLUSTER					
U.S. Department of Transportation					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		7,199,537	459,545	7,659,082
Job Access and Reverse Commute Program	20.516		9,030,811	314,880	9,345,691
New Freedom Program	20.521		3,443,969	70,285	3,514,254
Total - U.S. Department of Transportation			19,674,317	844,710	20,519,027
Total Transit Services Programs Cluster			19,674,317	844,710	20,519,027
TRIO CLUSTER					
U.S. Department of Education					
TRIO Student Support Services	84.042			4,124,389	4,124,389
TRIO Talent Search	84.044			4,881,202	4,881,202
TRIO Upward Bound	84.047			10,456,429	10,456,429
TRIO Educational Opportunity Centers	84.066			1,100,622	1,100,622
TRIO McNair Post-Baccalaureate Achievement	84.217			1,926,855	1,926,855
Total - U.S. Department of Education			0	22,489,497	22,489,497
Total TRIO Cluster			0	22,489,497	22,489,497

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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
WIA CLUSTER					
U.S. Department of Labor					
WIA Adult Program	17.258		42,639,624	1,975,289	44,614,913
WIA Youth Activities	17.259		48,193,709	4,798,308	52,992,017
ARRA - WIA Youth Activities <i>Pass-Through from El Paso Community College</i>		1010XSW000		(3,957)	(3,957)
Total - CFDA 17.259			48,193,709	4,794,351	52,988,060
WIA Dislocated Worker Formula Grants	17.278		62,983,090	4,712,475	67,695,565
Total - U.S. Department of Labor			153,816,423	11,482,115	165,298,538
Total WIA Cluster			153,816,423	11,482,115	165,298,538
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 8,295,179,167	40,321,764,286	48,616,943,453

STATE OF TEXAS

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

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

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

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

(b) Basis of Presentation

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

(c) Basis of Accounting

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

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

(d) Matching Costs

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

(2) Relationship to Federal Financial Reports

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

STATE OF TEXAS

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

(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	\$ 38,015,959,988
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds, Federal Revenue	4,591,418,188
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds, Capital Contributions- Federal	3,016,522
Statement of Changes in Fiduciary Net Position	<u>64,217,278</u>
Total Federal Revenue per Fund Financial Statements	42,674,611,976

Reconciling Items

Non-Cash Federal Commodities/Vaccines/Surplus Property/Other (Note 6)	563,267,605
Various Loans Processed by Universities and Agencies (Note 5)	3,078,422,595
State Unemployment Funds (Note 4)	2,343,586,106
Cash rebates to participants in the Special Supplemental Food Program for Women, Infants and Children (WIC) (Note 7)	251,961,307
Programs Not Subject to OMB A-133 Reporting Requirements (Note 8)	(155,754,500)
Other *	(4,918,041)
Blended Component Unit not included in the Schedule of Expenditures of Federal Awards (Note 1(a))	<u>(134,233,595)</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 48,616,943,453</u>

* This amount includes deductions of \$3,549,533 for fixed fee contracts; deductions of \$20,743,522 for vendor transactions; additions of \$11,501,450 for Credit Enhancement for Charter School Facilities; and additions of \$7,873,439 for other transactions; and \$125 for rounding in the schedule.

(4) Unemployment Insurance Funds

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

STATE OF TEXAS

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

well as federal funds are reported in the Schedule under CFDA 17.225. The state portion in the amount of \$2.3 billion is a reconciling item in the reconciliation of the Schedule to revenues in the fund financial statements (See Note 3).

(5) Federally Funded Loan/Credit Enhancement Programs

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

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

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

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

Student Loan Programs with Continuing Compliance Requirements

CFDA Number	Program Name	Ending Balances of Previous Year's Loans	New Loans Processed
84.038	Federal Perkins Loan Program (Perkins)	\$ 125,488,954	\$ 17,881,330
93.108	Health Education Assistance Loan Program (HEAL)	8,722,113	
93.264	Nursing Faculty Loan Program (NFLP)	1,486,274	447,063
93.342	Health Professions Student Loans (HPSL)	19,103,455	2,360,365
93.364	Nursing Student Loans	3,337,685	641,198
93.408	ARRA - Nursing Faculty Loan Program	153,764	9,534
		<u>\$ 158,292,245</u>	<u>\$ 21,339,490</u>

Other Student Loan Programs

CFDA Number	Program Name	New Loans Processed
84.032	Federal Family Education Loans	\$ (1,023)
84.268	Federal Direct Student Loans (Direct Loans)	3,057,084,128
		<u>\$ 3,057,083,105</u>

New student loans processed totaling \$3.1 billion are included in the Schedule and are part of a reconciling item on Note 3.

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

The Texas Higher Education Coordinating Board (THECB) participates in the Federal Family Education Loan Program (FFELP, CFDA 84.032L) as a servicer of the loans. During fiscal 2013

STATE OF TEXAS

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

THECB received \$118.8 thousand in net interest subsidy payments that are included in the Schedule. As of Aug. 31, 2013, THECB services approximately \$39.7 million of FFELP loans. During fiscal 2013, zero new loans were processed by THECB under the FFELP.

b) Other Federally Funded Loan Programs

Clean Water State Revolving Funds (CWSRF, CFDA 66.458)

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

The CWSRF provides loans at interest rates lower than what can be obtained through commercial markets. Mainstream funds offer a net long-term fixed interest rate of 1.30 percent below market rate for those applicants financing the origination fee. The maximum repayment period for most CWSRF loans is 30 years from completion of construction. Capitalization loans processed for CWSRF for the year ended Aug. 31, 2013, were approximately \$59.5 million and are included in the Schedule. CWSRF outstanding loans, with no continuing audit requirements, at Aug. 31, 2013, were approximately \$2.7 billion. Capitalization loans processed under American Recovery and Reinvestment Act (ARRA) funding for CWSRF for the year ended Aug. 31, 2013 were approximately \$4.1 million and are included in the Schedule. For the year ended Aug. 31, 2013, outstanding CWSRF loan balances utilizing ARRA funding were approximately \$74 million.

Drinking Water State Revolving Funds (DWSRF, CFDA 66.468)

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

The DWSRF can provide loans at interest rates lower than the market or provide other types of financial assistance for qualified communities, local agencies and private entities. Mainstream funds offer a net long-term fixed interest rate of 1.25 percent below market rate for those applicants financing the origination fee. The maximum repayment period for most DWSRF loans is 20 years from the completion of construction. Capitalization loans processed for DWSRF for the year ended Aug. 31, 2013, were approximately \$35.4 million and are included in the Schedule. DWSRF outstanding loans, with no continuing audit requirements, at Aug. 31, 2013, were approximately \$562.1 million. Capitalization loans processed under ARRA funding for DWSRF for the year ended Aug. 31, 2013 were approximately \$5.5 million and are included in the Schedule. For the year ended Aug. 31, 2013, outstanding DWSRF loan balances utilizing ARRA funding were approximately \$64.5 million.

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

<u>CFDA Number</u>	<u>Program Name</u>	<u>New Loans Processed</u>
66.458	Clean Water State Revolving Funds (CWSRF)	\$ 59,510,868
66.458 - ARRA	Clean Water State Revolving Funds (CWSRF)	4,111,047
66.468	Drinking Water State Revolving Funds (DWSRF)	35,362,044
66.468 - ARRA	Drinking Water State Revolving Funds (DWSRF)	5,537,138
	Total New Loans Processed	<u>\$ 104,521,097</u>

STATE OF TEXAS

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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

The United States Department of Transportation has agreed to lend the Texas Department of Transportation up to \$900 million under a secured loan agreement to pay or reimburse a portion of the costs of the Central Texas Turnpike System. The secured loan agreement was entered into pursuant to the provisions of TIFIA. As of Aug. 31, 2013, \$1.1 billion of the TIFIA note payable was outstanding. This TIFIA loan program is not subject to OMB A-133 reporting and is not included in the Schedule since the TIFIA loan was drawn in 2007 and 2008, prior to TIFIA loans being subject to OMB A-133.

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

Credit Enhancement for Charter School Facilities (CFDA 84.354)

In 2005, the Texas Public Finance Authority Charter School Finance Corporation formed a consortium with the Texas Education Agency and the Texas Charter School Resource Center to apply for a federal grant to assist charter schools. In November 2006, the consortium received \$10.1 million in federal grants to establish the Texas Credit Enhancement Program (“TCEP”). The \$11.5 million of federal grants received are subject to continuing audit requirements and are included in the Schedule. In addition, approximately \$47.4 thousand of interest earned on the federal grant monies drawn down in fiscal 2013 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, 2013, \$10.5 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 includes cash and non-cash amounts are included in the Schedule as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Grant Awards</u>
10.555	National School Lunch Program	\$ 128,137,231
10.565	Commodity Supplemental Food Program	8,574,274
10.569	Emergency Food Assistance Program	53,391,999
39.003	Donation of Federal Surplus Personal Property	7,606,939
93.268	Immunization Grants	<u>365,557,162</u>
	Total	<u><u>\$ 563,267,605</u></u>

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

During fiscal 2013, the state received cash rebates from infant formula manufacturers in the amount of approximately \$252.0 million on sales of formula to participants in the WIC program (CFDA 10.557), which are netted against total expenditures included in the Schedule. Rebate contracts with infant formula manufacturers are authorized by Code of Federal Regulations, Title 7: Agriculture, Chapter II, Subchapter A, Part 246.16(m) as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs. Applying the rebates received to such costs enabled the state to extend program benefits to more participants than could have been serviced this fiscal year in the absence of the rebate contract.

STATE OF TEXAS

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2013

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

The fund financial statements include federal funding received from certain programs which are not subject to continuing compliance requirements. For the year ended Aug. 31, 2013, the fund financial statements include \$155.8 million of federal funds which are not subject to the continuing compliance requirements of OMB A-133, and are not included in the Schedule.

The Medicare portion of Part D is not subject to OMB A-133 because it does not include any Medicaid funds. Reimbursements of \$26.5 million were received related to the Medicare Part D program by the administrators of postemployment health care plans. Administrators include the Employee Retirement System, University of Texas System and Texas A&M University System.

The Early Retirement Reinsurance Program (ERRP) provides reimbursement to sponsors of participating employment-based plans for a portion of the cost of health benefits for early retirees and their spouses, surviving spouses, and dependents. The state recognized \$37.3 million of federal revenue related to the ERRP.

The Build America Bonds are taxable municipal bonds that carry special tax credits and federal subsidies for either the bond issuer or the bondholder. The revenue generated is excluded from the Schedule. The state recognized federal revenues of \$92.0 million related to the program.

(9) Depository Libraries for Government Publications

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

(10) Supplemental Nutrition Assistance Program (SNAP)

The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the American Recovery and Reinvestment Act of 2009. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households' income, deductions, and assets. This condition prevents USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes. As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual State level. Therefore, we cannot validly disaggregate the regular and Recovery Act components of our reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for 7.79 percent of USDA's total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2013.

Schedule of Findings and Questioned Costs

Federal Portion of
Statewide Single Audit Report

For the Year Ended August 31, 2013

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section 1:

Summary of Auditors’ Results

Financial Statements

Issued under separate cover. See State Auditor’s Office report entitled the *State of Texas Financial Portion of the Statewide Single Audit Report for the year ended August 31, 2013* dated February 21, 2014.

Federal Awards

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

Major Programs with Material Weaknesses:

CFDA Number	Name of Federal Program or Cluster
93.667	Social Services Block Grant
93.767	Children’s Health Insurance Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
97.046	Fire Management Assistance Grant
Cluster	CDBG – State-Administered CDBG
Cluster	Medicaid
Cluster	Research and Development (with ARRA)
Cluster	Student Financial Assistance (with ARRA)
Cluster	TANF (with ARRA)

Major Programs with Significant Deficiencies:

CFDA Number	Name of Federal Program or Cluster
10.500	Cooperative Extension Service
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
17.225	Unemployment Insurance (with ARRA)
66.458	Capitalization Grants for Clean Water State Revolving Funds (with ARRA)
66.468	Capitalization Grants for Drinking Water State Revolving Funds (with ARRA)
84.048	Career & Technical Education – Basic Grants to States
84.287	Twenty-First Century Community Learning Centers
84.365	English Language Acquisition State Grants
84.367	Improving Teacher Quality State Grants
93.268	Immunization Cooperative Agreements
93.563	Child Support Enforcement
93.658	Foster Care Title IV-E
93.667	Social Services Block Grant
93.767	Children’s Health Insurance Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
97.046	Fire Management Assistance Grant
97.067	Homeland Security Grant Program
Cluster	Aging
Cluster	CDBG – State-Administered CDBG

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CFDA Number	Name of Federal Program or Cluster
Cluster	Child Nutrition
Cluster	Highway Planning and Construction (with ARRA)
Cluster	Medicaid
Cluster	Research and Development (with ARRA)
Cluster	School Improvements Grants (with ARRA)
Cluster	SNAP
Cluster	Special Education (IDEA)
Cluster	Student Financial Assistance (with ARRA)
Cluster	TANF (with ARRA)
Cluster	Title I, Part A (with ARRA)
Cluster	WIA

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

Qualified:

CFDA Number	Name of Federal Program or Cluster
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
97.046	Fire Management Assistance Grant
Cluster	CDBG – State-Administered CDBG
Cluster	Medicaid
Cluster	Research and Development (with ARRA)
Cluster	Student Financial Assistance (with ARRA)
Cluster	TANF (with ARRA)

Unmodified:

CFDA Number	Name of Federal Program or Cluster
10.500	Cooperative Extension Service
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
17.225	Unemployment Insurance (with ARRA)
66.458	Capitalization Grants for Clean Water State Revolving Funds (with ARRA)
66.468	Capitalization Grants for Drinking Water State Revolving Funds (with ARRA)
84.032L	Federal Family Education Loans (Lenders)
84.048	Career and Technical Education - Basic Grants to States
84.287	Twenty-First Century Community Learning Centers
84.365	English Language Acquisition State Grants
84.367	Improving Teacher Quality State Grants
93.268	Immunization Cooperative Agreements
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
93.658	Foster Care Title IV-E
93.667	Social Services Block Grant
93.767	Children's Health Insurance Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse
97.067	Homeland Security Grant Program
Cluster	Aging

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CFDA Number	Name of Federal Program or Cluster
Cluster	CCDF
Cluster	Child Nutrition
Cluster	Employment Service
Cluster	Highway Planning and Construction (with ARRA)
Cluster	School Improvement Grants (with ARRA)
Cluster	SNAP
Cluster	Special Education (IDEA)
Cluster	Title I, Part A (with ARRA)
Cluster	WIA

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: \$73,222,469
5. Auditee qualified as low-risk auditee? No
6. Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.500	Cooperative Extension Service
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
17.225	Unemployment Insurance (with ARRA)
66.458	Capitalization Grants for Clean Water State Revolving Funds (with ARRA)
66.468	Capitalization Grants for Drinking Water State Revolving Funds (with ARRA)
84.032L	Federal Family Education Loans (Lenders)
84.048	Career and Technical Education - Basic Grants to States
84.287	Twenty-First Century Community Learning Centers
84.365	English Language Acquisition State Grants
84.367	Improving Teacher Quality State Grants
93.268	Immunization Cooperative Agreements
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
93.658	Foster Care Title IV-E
93.667	Social Services Block Grant
93.767	Children's Health Insurance Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
97.046	Fire Management Assistance Grant
97.067	Homeland Security Grant Program
Cluster	Aging
Cluster	CCDF
Cluster	CDBG – State-Administered CDBG
Cluster	Child Nutrition
Cluster	Employment Service
Cluster	Highway Planning and Construction (with ARRA)
Cluster	Medicaid
Cluster	Research and Development (with ARRA)
Cluster	School Improvement Grants (with ARRA)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CFDA Number	Name of Federal Program or Cluster
Cluster	SNAP
Cluster	Special Education (IDEA)
Cluster	Student Financial Assistance (with ARRA)
Cluster	TANF (with ARRA)
Cluster	Title I, Part A (with ARRA)
Cluster	WIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section 2:

Financial Statement Findings

Issued under separate cover. See State Auditor's Office report entitled the *State of Texas Financial Portion of the Statewide Single Audit Report for the year ended August 31, 2013* dated February 21, 2014.

Federal Award Findings and Questioned Costs - Table of Contents

Federal Award Findings

Aging and Disability Services, Department of	183
Agriculture, Texas Department of	190
Family and Protective Services, Department of	192
General Land Office	194
Health and Human Services Commission	198
Housing and Community Affairs, Texas Department of	215
Office of the Attorney General	216
State Health Services, Department of	218
Texas Education Agency	227
Texas Higher Education Coordinating Board	231
Texas Workforce Commission	232

Federal Award Findings – Other Auditors

Lamar Institute of Technology	235
Lamar State College – Orange	241
Lamar University	244
Public Safety, Department of	253
Sam Houston State University	284
Texas A&M AgriLife Extension Service	288
Texas A&M Engineering Experiment Station	294
Texas A&M Forest Service	299
Texas A&M Health Science Center	304
Texas A&M University	317
Texas A&M University – Commerce	322
Texas State Technical College – Harlingen	324
Texas State Technical College – Waco	331
Texas State Technical College – West Texas	339
Texas State University	346
Texas Tech University	349
Texas Tech University Health Sciences Center	356
Transportation, Department of	360
University of Houston	373
University of Houston – Victoria	381
University of North Texas	383
University of Texas at Arlington	386
University of Texas at Austin	399
University of Texas at El Paso	407
University of Texas Health Science Center at San Antonio	415
University of Texas M.D. Anderson Cancer Center	421
University of Texas Medical Branch at Galveston	426
University of Texas at San Antonio	427
University of Texas Southwestern Medical Center	436
Water Development Board	442

Section 3a:

Federal Award Findings and Questioned Costs – KPMG

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

Department of Aging and Disability Services

Reference No. 2013-001

**Matching, Level of Effort, Earmarking
Reporting
Subrecipient Monitoring**

Aging Cluster

Award years – October 1, 2012 to September 30, 2013 and October 1, 2011 to September 30, 2012

Award numbers – 13AATXT3SP, 13AATXNSIP, 12AATXT3SP, and 12AATXNSIP

Type of finding – Significant Deficiency and Non-Compliance

The Department of Aging and Disability Services (DADS) passed through approximately 92% of the Aging Cluster to subrecipients, approximately \$71 million in fiscal year 2013. DADS 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. This monitoring includes but is not limited to: determining subrecipient eligibility, DUNS number identification, award identification, during-the-award monitoring, and close-out and sanctions activities. According to OMB Circular A-133, DADS must assure that subrecipients expending Federal funds in excess of \$500,000 have an OMB Circular A-133 Single Audit performed and provide a copy of the auditor’s report to DADS within nine months of the subrecipient’s fiscal year end. DADS is to review the report and issue a management decision within six months, if applicable. Per title 2 of the Code of Federal Regulation (CFR) part 25, an entity is prohibited from making an award until the subrecipient has a valid Data Universal Numbering System (DUNS). The requirement was effective October 1, 2010.

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

DADS’ subrecipient monitoring procedures include the use of a standard contract for services, the provision of technical assistance to subrecipients, and the collection and processing of A-133 reports. Currently, monitoring activities are conducted by the Access and Intake Unit for Aging within DADS. The current policy is to perform an on-site review of all twenty-eight Aging Area Agency (AAA) subrecipients in a four year cycle. In the event an AAA has elevated risk, DADS does modify their approach and perform additional work as considered necessary. During the current four year cycle (2010 to 2013), DADS was unable to review three of the AAAs due to elevated risk at other AAAs that required additional site visits. An on-site monitoring manual is utilized for the on-site reviews.

Audit procedures involved a review of five of twenty-eight subrecipients’ files for fiscal year 2013. From those five files, the following items were noted:

- DADS has an on-site monitoring manual with areas to review, such as verification of expenditures and reimbursement requests, program income and in-kind, provider monitoring, and sub-contract provider audits. However, the procedures are not specific as to sample sizes for each area, attributes to be executed for each area, required documentation to include in the monitoring file, and stratification of expenditure types. For the five files reviewed, the documentation was inconsistent, including lack of justification as to areas reviewed and resulting sample sizes. Currently payroll transactions are not required to be reviewed.
- The on-site monitoring manual does not address matching and maintenance of effort (MOE) requirements that are self-reported by the AAA. In addition, service provider eligibility is not verified.
- The recipient share of expenditures (line 10J) on the SF-425 primarily consists of AAA matching expenditures. The information is self-reported by the AAA and thus should be verified during monitoring.

Recommendation:

The on-site monitoring manual should be enhanced to include more specific procedures to be performed within each area. The procedures should consider all the relevant compliance areas for the Aging Cluster that have been delegated to the subrecipients by DADS, including matching, MOE, reporting, and provider eligibility. Items for consideration are sample sizes, attributes to be tested, and required documentation to retain to support the review. In addition, specific audit procedures should be included for payroll. The review of source documents is important when determining compliance with Aging compliance requirements.

In addition, as DADS develops the 2014 – 2017 monitoring plan, consideration should be given to the potential need to visits an AAA more than once in the four year cycle. This would ensure all twenty-eight AAA receive a review at least once in the four years.

Management Response and Corrective Action Plan:

DADS is in agreement with this finding. The AAA section’s current monitoring manual will be fully reviewed and enhanced to incorporate these recommendations into the monitoring document and to ensure subrecipient monitoring addresses relevant compliance areas. The section will seek input and technical assistance from appropriate authorities as needed. The enhanced monitoring manual will also include:

- *Description of methods for staff to follow resulting in consistency in adhering to monitoring policy, procedures and documentation.*
- *Description and documentation for communication process within the section and between DADS and the AAA.*
- *Description of responsibilities of staff throughout the monitoring process, for each type of monitoring conducted (audits, delegated compliance areas, risk).*
- *Description of program’s internal documentation requirements to validate the integrity of all reports, reviews, and other monitoring activities.*

Implementation Date: May 31, 2014

Responsible Person: Lori Conner

Reference No. 2013-002

Period of Availability of Federal Funds Reporting

Aging Cluster

Award years – October 1, 2012 to September 30, 2013 and October 1, 2011 to September 30, 2012

Award numbers – 13AATXT3SP, 13AATXNSIP, 12AATXT3SP, and 12AATXNSIP

Type of finding – Significant Deficiency and Non-Compliance

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

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

The Department of Aging and Disability Services (DADS) FFATA process is manual in nature. The accumulation of the data to include in the FFATA report and the actual filing of the FFATA report is a manual process based on the obligation/award spreadsheets. DADS has twenty-eight subrecipients. DADS currently has two individuals assigned to the task of filing the FFATA report. One program individual accumulates the data to include in the FFATA report and the FFATA Administrator files the report.

A sample of forty transactions included in the FFATA submissions were selected for review and involved in the following:

- Ten samples from one monthly submission were submitted late. The submission was late due to a lack of coordination between program personnel and the FFATA Administrator with regard to the need to file a report. In addition, the FFATA Administrator was new to her role and did not have the correct privileges to assess the Federal Subaward Reporting System (FSRS).
- For all forty samples, rather than utilizing the effective date from the Notification of Funds Available (i.e. grant award to each subrecipient) as the subaward action date, the FFATA Administrator defaulted to the first day of the month that the FFATA report was due. The program personnel has not updated the subaward action date on the submission spreadsheet for the new grant effective dates.

In addition, funds are made available to the State annually and must be obligated by the State by the end of the Federal fiscal year in which they were awarded. The State has an additional two years to liquidate all obligations for its administration of the State Plan and for awards to the Area Agencies consistent with its intrastate allocation formula. Therefore, in any given year, multiple years of funding are being used to provide services statewide (42 USC 3024 (b)). The obligation/award spreadsheets noted above that are the source of the FFATA information are also the support for the above obligation requirement. Currently the spreadsheets are prepared by program personnel and no detail review is performed regarding obligation requirements.

Recommendation:

DADS needs a formalized process for coordination between the program personnel whom is responsible for accumulating the data for the FFATA reports and the FFATA Administrator whom is responsible for submitting the report. Coordination will assist in assuring completeness of the submission along with accuracy and timeliness. In addition, DADS should perform a detailed review of the allocation process to obligate awards.

Management Response and Corrective Action Plan:

Procedures for FFATA reporting are detailed in the DADS Operational Handbook, Part C – Section 8000. DADS notes that the late submission reported above was due primarily to a problem in gaining access to the Federal website, a condition not controllable by DADS.

For future reporting, the DADS FFATA Administrator will enter data to be uploaded from responsible program personnel and then request a final review of the data, including subaward action date, by program personnel prior to submitting the data to the Federal authority.

A formalized process for coordination between program personnel and the FFATA Administrator will be developed and will include, at a minimum:

- *Written notification to the Director of the Area Agencies on Aging Section as well as responsible program personnel when changes affecting FFATA reporting occur.*
- *Description and documentation of the communication process to be used to ensure completeness, accuracy and timeliness of FFATA reports.*
- *Description, including frequency, and documentation of detailed review of status of awards in relation to obligation requirements.*
- *Financial reporting related to the receipt of federal funds and the issuance of those awards to subrecipients.*

- *Description of program’s internal documentation requirements to validate the integrity of data for all reports, reviews, and reconciliations for FFATA.*

Implementation Date: Federal fiscal quarter beginning October 1, 2013 for review of FFATA submissions
February 14, 2014 for formalized coordination process

Responsible Persons: Blanche Callaway, FFATA submissions
Lori Conner and Joseph Monyer, Coordination process

Reference No. 2013-003

Special Tests and Provisions – Distribution of Cash

Aging Cluster

Award years – October 1, 2012 to September 30, 2013 and October 1, 2011 to September 30, 2012

Award numbers – 13AATXT3SP, 13AATXNSIP, 12AATXT3SP, and 12AATXNSIP

Type of finding – Significant Deficiency and Non-Compliance

States are required to promptly and equitably distribute Nutrition Services Incentive Program (NSIP) cash to recipients of grants or contracts under OAA Title C1 and C2 (42 USC 3030a(d)(4)).

Questioned Cost:	\$108,600
U.S. Department of Health and Human Services	

The Department of Aging and Disability Services (DADS) process is to allocate the NSIP funds upon receipt of the grant award based on prior year meals serviced. Notices of Funds Available (NFA or a grant award to a subrecipient) are issued to the Aging Area Agencies (AAA) based on the initial award. The NSIP grant award is often updated by the federal government throughout the fiscal year with additional funding. With each update, DADS amends the AAA NFA to allocate the additional funding based on the prior meal counts. A portion of the NSIP funds is also allocated to the service providers based on prior year meal counts.

For fiscal year 2013, the NSIP funds were allocated using the methodology above. The federal government updated the NSIP funding twice, thus DADS amended the AAA and NFAs accordingly. The original allocation to the AAA agrees to the NFAs issued and used total meal counts to allocate. The first amendment was not allocated correctly as the original award allocations were not carried forward, so the increment change in total allocation is incorrect. The third allocation was calculated excluding the service providers. Approximately \$108,600 was not awarded to either the AAA or service providers due to the errors noted and two AAA were over awarded approximately \$13,000. NSIP awards totaled \$10,766,639 for fiscal year 2013.

Recommendation:

DADS should institute a control to monitor the allocation of the NSIP funds based on the methodology. Someone other than the preparer of the obligation spreadsheet should perform review of the formulas and methodology to verify the results comply with DADS policy.

Management Response and Corrective Action Plan:

DADS is in agreement with this finding. The formal process for managing NSIP cash will be reviewed and amended to ensure policy and procedures support compliance requirements. The process will include, at a minimum:

- *Description of method of allocation of NSIP cash.*
- *Description and documentation for communication process within the section and between accounting to ensure completeness, accuracy and timeliness of NSIP allocations.*
- *Description of the process for approving allocations and designation of individuals responsible for review of the formulas and methodology to verify accuracy.*

- Description, including frequency, and documentation of detailed review of status of awards in relation to obligation requirements.
- Description of program's internal documentation requirements to validate the integrity of data for all reports, reviews, and reconciliations for NSIP cash.

Implementation Date: February 28, 2014

Responsible Persons: Lori Conner and Joseph Monyer

Reference No. 2013-004

Cash Management

CFDA 93.667 – Social Services Block Grant

Award year – October 1, 2012 to September 30, 2014

Award number – G1301TXS0SR

Type of finding – Significant Deficiency and Non-Compliance

U. S. Department of the Treasury (Treasury) regulations at 31 CFR part 205, which implement the Cash Management Improvement Act of 1990 (CMIA), as amended (Pub. L. No. 101-453; 31 USC 6501 *et seq.*), require State recipients to enter into agreements that prescribe specific methods of drawing down Federal funds (funding techniques) for selected large programs. The agreements also specify the terms and conditions in which an interest liability would be incurred. CFDA 93.667 is covered by the Treasury-State Agreement in accordance with the materiality thresholds in 31 CFR section 205.5, Table A. The funding technique specified is Pre-Issuance. However, rebates held in State accounts are exempt from the interest provisions of the CMIA (42 USC 1786 (h) (8) (J); 7 CFR section 246.15(a).

Questioned Cost:	\$(512)
U.S. Department of Health and Human Services	

The Department of Aging and Disability Services (DADS) utilizes a system query to capture the deposit and disbursement information for the Pre-Issuance calculation. The query design did not include the correct parameters as to the inclusion of all open grant years. The Pre-Issuance calculation prepared by DADS resulted in a positive number of days (i.e. interest is due to the federal government). Upon correction, the change to the pre-issuance number of days was negative (i.e. no interest is due to the federal government). The consolidated CMIA report for Texas shows \$512 paid to the federal government in error.

Recommendation:

DADS should reevaluate their process for establishing the parameters to ensure the system's queries are complete and accurate.

Management Response and Corrective Action Plan:

DADS is in agreement with this finding. The period covered by future queries will include all open grant years.

Implementation Date: January 13, 2014

Responsible Person: Michael Doerr

Reference No. 2013-005

Allowable Costs/Cost Principles

Medicaid Cluster

Award years – October 1, 2012 to September 30, 2013 and October 1, 2011 to September 30, 2012

Award numbers – 1305TX5ADM, 1305TX5MAP, 1205TX5ADM, and 1205TX5MAP

Type of finding – Significant Deficiency and Non-Compliance

Individual State agencies are responsible for the performance or administration of Federal awards. In order to receive cost reimbursement under Federal awards, the agency usually submits claims asserting that allowable and eligible costs (direct and indirect) have been incurred in accordance with A-87. While direct costs are those that can be identified specifically with a particular final cost objective, the indirect costs are those that have been incurred for common or joint purposes and are not readily assignable to the cost objectives specifically benefited without effort disproportionate to the results achieved. The Department of Aging and Disability Services (DADS) allocates costs to various programs using factors as approved in its Cost Allocation Plan (CAP). Seventeen factors were used to charge expenses to the Medicaid program at DADS in fiscal year (FY) 2013.

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

Factor 241 is the consolidated factor DADS began using in FY 2012 for costs related to its State Supported Living Centers and per the CAP it is intended to be updated at the beginning of each fiscal year. Due to a miscommunication between the budget and accounting departments, factor 241 was not updated in FY 2013 so the FY 2012 rate was used again, resulting in an incorrect amount being reported on the Schedule of Expenditures of Federal Awards. The total estimated impact of this error is estimated by DADS to be approximately \$97,000 for both federal and state funding sources.

Recommendation:

DADS should update its factors in a timely manner to ensure proper amounts are charged to federal grants.

Management Response and Corrective Action Plan:

DADS is in agreement with the finding and has updated Factor 241 for fiscal year 2014. The updated factor has now been applied for September 1, 2013 forward. DADS agrees to update Factor 241 on an annual basis.

Implementation Date: September 1, 2013

Responsible Persons: Gerald Cates and David Cook

Reference No. 2013-006

Matching, Level of Effort, Earmarking

(Prior audit issues 13-01)

Medicaid Cluster

Award years – October 1, 2012 to September 30, 2013 and October 1, 2011 to September 30, 2012

Award numbers – 1305TX5ADM, 1305TX5MAP, 1205TX5ADM, and 1205TX5MAP

Type of finding – Significant Deficiency

The Medicaid Home and Community-Based services waiver program is authorized under Section 1915(c) of the Social Security Act. The program permits a state to furnish an array of home and community-based services that assist Medicaid beneficiaries to live in the community and avoid institutionalization. The Texas Department of Aging and Disability Services (DADS) has six of these waivers in place which contain level of effort and

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

earmarking requirements. DADS reports on these waivers and its compliance with prescribed metrics through the use of the CMS 372, *Annual Report on Home and Community-Based Services Waiver*, report. The CMS 372 reports information including unduplicated participant counts and waiver expenditures. The information reported on the CMS 372 report must be actual information for which all supporting information, in readily reviewable form, is available to support the amounts used in the included computations.

Of the six waivers DADS has in place, four were selected for test work in the current year. The information reported on the CMS 372 reports is primarily obtained from MIS reports, which are system generated reports received from the Texas Medicaid and Healthcare Partnership (TMHP). Out of the four waivers reviewed, one of the CMS 372 reports had incorrect information reported due to improper exclusion of Dental REQ services in the amount of \$4,227 for the reporting period March 1, 2010 to February 28, 2011. There was no noncompliance noted as a result of these errors as thresholds were met for compliance after consideration of the revised amounts. However, the review performed does not appear to be at a sufficient level of detail to note amounts reported which do not agree to the supporting documentation.

Recommendation:

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

Management Response and Corrective Action Plan:

This issue was identified in the 2012 audit. Based upon last year's finding, an enhanced review process was put into place for the CMS 372 reports for the report year September 2011 - August 2012. The CMS 372 tested for Texas Home Living was for the reporting period March 2010 - February 2011, and was prepared prior to the establishment of the new review procedures.

Implementation Date: March 2013 effective for reports with beginning periods of March 2011 or later

Responsible Persons: Bob Jocius and David Cook

Texas Department of Agriculture

Reference No. 2013-007

Cash Management

CFDA 10.558 – Child and Adult Care Food Program

Award years – October 1, 2012 to September 30, 2013, October 1, 2012 to September 30, 2013, and October 1, 2012 to September 30, 2014

Award numbers – 6TX300332, 6TX300352, and 6TX300333

Child Nutrition Cluster

Award year – October 1, 2012 to September 30, 2013

Award number – 6TX300332

Type of finding – Significant Deficiency and Non-Compliance

U.S. Department of the Treasury (Treasury) regulations at 31 CFR part 205, which implement the Cash Management Improvement Act of 1990 (CMIA), as amended (Pub. L. No. 101-453; 31 USC 6501 *et seq.*), require State recipients to enter into agreements that prescribe specific methods of drawing down Federal funds (funding techniques) for selected large programs. The agreements also specify the terms and conditions in which an interest liability would be incurred. CFDA 10.558 is covered by the Treasury-State Agreement in accordance with the materiality thresholds in 31 CFR section 205.5, Table A. The funding technique specified for program and payroll expenditures is Pre-Issuance.

Questioned Cost:	\$1,500
U.S. Department of Agriculture	

Texas Department of Agriculture (TDA) utilizes the Comptroller of Public Accounts' (CPA) Uniform Statewide Accounting System (USAS) as their official book of record. To perform the Pre-Issuance calculations, TDA requests a query of the appropriate revenue and expenditure transactions. The data from the query was determined to be incomplete as a result of the CPA applying filters and/or parameters to the query that were not requested by TDA. Upon further review, no impact to the Pre-Issuance calculation was noted since the missing data did not relate to revenue and expense transactions for either the Child Nutrition Cluster or CFDA 10.558 – Child and Adult Care Food Program (CACFP) for the three month period used for the Pre-Issuance Calculation.

Cash draws for CACFP include both program and payroll costs. For program costs, the amounts are based on claims submitted by contracting entities in the TX-UNPS system. Personnel in the Food and Nutrition Division send an email to Financial Services Division personnel with instructions on the amount to draw for each program and provide a supporting pivot table with expenditures and advances. Historically the funds are drawn on the same day as the disbursements are made, resulting in neutral interest position. During test work over the Pre-Issuance calculation performed by TDA, a significant disbursement without a corresponding deposit was noted. TDA represented that for a period of approximately forty-five days between November and December 2012 there were overdrafts that occurred due to the draw calculations including advances in error as a result of miscommunication. The aforementioned overdrafts produced excess cash on hand of approximately \$5.5 million for approximately forty-five days, which was not fully disbursed for program purposes until January 2013. TDA noted that a process was not in place in November and December 2012 wherein the Food and Nutrition Division personnel would review the draw amount prior to funds being requested. The new process was implemented in May 2013. The Pre-Issuance calculation for the period covering January to March 2013 did not provide an accurate representation of the flow of federal funds for the year, as it indicated a negative clearance pattern of five days (TDA paid for expenditures prior to drawing federal funds) due to the large disbursement of funds in January but not the accumulation of the funds in November and December 2012. The annual interest rate for 2013 was .07%, or approximately \$500 in interest.

CACFP was also required to submit a Pre-Issuance calculation for payroll costs. TDA process is to draw mid-month based on estimated payroll costs. The amount is disbursed at the end of the pay period, or the beginning of the subsequent month. At that time, actual payroll costs are determined and supplemental draws are made, if needed. When the initial draw is made, the funds are recorded to a single general ledger account. Approximately a month later, allocations are recorded to transfer the funds to the appropriate general ledger accounts for the various Child and Nutrition Programs, including CACFP. During fiscal year 2013, the monthly allocations were not made resulting in several months of payroll being aggregated in one allocation. The impact to the Pre-Issuance calculation is the date associated with the deposit represents the allocation date rather than the actual draw date. A negative

clearance pattern (TDA paid for expenditures prior to drawing federal funds) resulted since the allocation dates used were later than the actual draw dates. Payroll costs were approximately \$1.5 million during fiscal year 2013. The annual interest rate for 2013 was .07%, or approximately \$1,000 in interest.

Recommendation:

TDA should consider implementing a periodic process of validating and reconciling USAS against the daily updated TDA copy of USAS (HXTape file) maintained at TDA. Once reconciled, TDA could consider obtaining the Pre-Issuance information from the TDA copy of USAS. In addition, TDA should develop and establish robust controls around the cash management process including thorough review of cash draw requests. The total amount drawn should accurately reflect expenditures incurred for the period, taking into account any current cash balances. Pre-Issuance calculations should use the actual draw and disbursement dates, regardless of when the internal allocations are processed.

Management Response and Corrective Action Plan:

CPA Query Recommendation – TDA will implement an automated reconciliation process that will include a comparison of the TDA copy of the USAS HX file to the DAFR 2261 (Daily History Detail Report) and DAFR 8200 (Daily Pre-Enc/Enc/Expend Transaction Register) to ensure the data is complete and accurate.

Implementation Date: March 31, 2014

Responsible Persons: Heather Griffith Peterson and Ed Kelly

Cash Draw Recommendation – In May 2013, TDA implemented an oversight process that requires Food and Nutrition and Financial Services Management review and approval of draws for federal meal reimbursement and administrative expenses, not including payroll costs. Additionally, Financial Services implemented a process to reconcile Automated Standard Application for Payments (ASAP) Draw Log to the ASAP system to ensure that TDA and Texas Education Agency (TEA) draws were accurately recorded and drawn from the appropriate ASAP Account beginning with the July 2013 draws. Food and Nutrition implemented a monthly reconciliation process of accounts in June 2013. High-level procedures for this process were finalized in January 2014, and will continue to be enhanced to ensure they are the strongest possible. Together, these processes are intended to provide robust controls around the cash management process, including the thorough review of cash draw requests.

Implementation Date: Completed

Responsible Person: Angela Olige

Pre-Issuance Recommendation – The review process in the CMIA procedures will be revised to include a checklist of steps to ensure that the actual draw and payroll disbursement dates are used, regardless of when the internal allocations are processed, for the pre-issuance calculation.

Implementation Date: March 31, 2014

Responsible Person: Heather Griffith Peterson

Department of Family and Protective Services

Reference No. 2013-008

Eligibility

CFDA 93.658 – Foster Care – Title IV-E

Award years – October 1, 2012 to September 30, 2013 and October 1, 2011 to September 30, 2012

Award numbers – 1301TX1401 and 1201TX1401

Type of finding – Significant Deficiency and Non-Compliance

Funds may be expended for foster care maintenance payments on behalf of eligible children, in accordance with the IV-E agency’s foster care maintenance payment rate schedule, and in accordance with 45 CFR 1356.21, to individuals serving as foster family homes, to child-care institutions, or to public or private child-placement or child care-agencies. Such payments may include the cost of (and the cost of providing, including certain associated administrative and operating costs of an institution) food, clothing, shelter, daily supervision, school supplies, personal incidentals, liability insurance with respect to a child, and reasonable travel to the child’s home for visitation, as well as reasonable travel for the child to remain in the same school he or she was attending prior to placement in foster care (42 USC 672(b)(1) and (2), (c)(2), and 675(4)).

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

On August 1, 2012, the Department of Family and Protective Services (DFPS) switched from a “one step” eligibility determination methodology to a “two step” eligibility methodology based on results of a review by the Department of Health & Human Services Administration for Children and Families. The “two step” methodology is essentially the same as the “one step” methodology with one added requirement related to a 100% income test. Between August 1, 2012 and November 19, 2012, the “two step” determination was documented using a manual control form. Effective November 19, 2012, the “two step” determinations were automated in the Information Management Protecting Adults and Children in Texas (IMPACT) system. Compliance test work consisted of a sample of sixty-five eligibility determinations including “one step”, “two step” manual, and “two step” automated sample items. A separate control sample of forty manual control forms was selected related to the “two step” manual process.

For one of the sixty five compliance sample items tested utilizing the “two-step” automated methodology, the mother’s social security income (SSI) was incorrectly excluded. Upon further investigation, DFPS noted that the income had also been overlooked in the February 2012 application when the initial eligibility determination was performed using the “one step” methodology. By including the SSI income, the child was not eligible for Title IV-E funding under either methodology. For one of the forty manual control form sample items, the control form used to support the “two step” eligibility determination was not located in the file. Upon further review of the case, the child was determined not to be eligible for Title IV-E funding.

In both cases, the amounts paid on behalf of the children have been retroactively reclassified to state funding; therefore no questioned costs are reported.

Recommendation:

DFPS should continue to refine its eligibility determination process to ensure that eligibility determinations are performed accurately and benefits are paid from the appropriate funding source.

Management Response and Corrective Action Plan:

Beginning January 2013, the federal/state support unit began sending a monthly listing of Title IV-E eligible children appearing on the “Foster Care Eligibility Work Planning and Delinquency” report to all foster care eligibility staff (FCES). The monthly listing included Title IV-E eligible children whose annual Foster Care Reviews were due that month. FCES were asked to complete a new foster care application using the “two-step” automated process. The new application would determine if the child met the “two-step” requirements at the time of the initial foster care application. This process continued through December 2013.

FAMILY AND PROTECTIVE SERVICES, DEPARTMENT OF

As a follow-up, the federal/state support unit has requested a Data Request Intake and Tracking (DRIT). This DRIT will verify that eligibility staff have completed a foster care application with the new two-step income calculation for children whose Foster Care Reviews were due between January 2013 through December 2013.

The federal/state support unit will be conducting a Title IV-E foster care eligibility training in February 2014 for all foster care eligibility staff and supervisors. During the training, the policy related to who should be included in the certified group and what income should be counted at the time of the foster care application will be discussed.

Implementation Date: April 2014

Responsible Person: Max Villarreal

General Land Office

Reference No. 2013-009

Davis-Bacon Act

Subrecipient Monitoring

CDBG – State-Administered CDBG Cluster

Award year – N/A for disaster-funds

Award numbers – B-06-DG-48-0002, B-08-DI-48-0001, B-08-DN-48-0001, and B-12-DT-48-0001

Type of finding – Material Weakness and Material Non-Compliance

General Land Office (GLO) passed through approximately 70% of the CDBG Disaster Funds to subrecipients, approximately \$233 million in fiscal year 2013. GLO 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. This monitoring includes, but is not limited to: determining subrecipient eligibility, DUNS number identification, award identification, during-the-award monitoring, and close-out and sanctions activities. According to OMB Circular A-133, GLO must assure that subrecipients expending Federal funds in excess of \$500,000 have an OMB Circular A-133 Single Audit performed and provide a copy of the auditor’s report to GLO within nine months of the subrecipient’s fiscal year end. GLO is to review the report and issue a management decision within six months, if applicable. Per title 2 of the Code of Federal Regulation (CFR) part 25, an entity is prohibited from making an award until the subrecipient has a valid Data Universal Numbering System (DUNS). The requirement was effective October 1, 2010.

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

GLO’s subrecipient monitoring procedures include the use of a standard contract for services, the provision of technical assistance to subrecipients, and the collection and processing of A-133 reports. In addition, the requests for reimbursement are accompanied with contractor invoices to support the reimbursement request. Currently, monitoring activities are conducted by the Quality Assurance and Quality Control (QAQC) section of the Finance Division of the Disaster Recovery Division (DR Division).

Audit procedures involved a review of fifteen of approximately 150 subrecipients’ files for fiscal year 2013. From those fifteen files, the following items were noted:

- For all contracts, the CFDA number is not included in the contract notification to the subrecipients. For one of our sample items, the subrecipient reported the GLO funds under CDBG – Entitlement Grants Cluster instead of State-Administered CDBG Cluster.
- Suspension and debarment clauses are not consistent on the contracts to include both the certification of the subrecipient and its principals and to ensure that the subrecipient does not award any funds to subcontractors or their principals that are suspended or debarred.
- For one sample item, the DUNS certification on file for the subrecipient was not completed.
- GLO has a risk assessment but is not executing their monitoring in accordance with their risk assessment rankings. Also, there are currently no policies to guide the selection of subrecipients to monitor including frequency and follow-up provisions.
- GLO has a monitoring tool with general program areas such as vendor contracts, environmental work, project construction, draw reimbursements, and closeout activities. However, the procedures are not specific as to the allowability of vendor and payroll costs, sample sizes for each area, attributes to be executed for each area, and required documentation to include in the monitoring file. For the fifteen files reviewed, the documentation was inconsistent, including lack of justification as to areas reviewed and resulting sample sizes.
- QAQC conducted approximately ten subrecipient reviews during the fiscal year.

Recommendation:

GLO should enhance their risk assessment process to include policies on which subrecipients should be monitored, frequency of the monitoring reviews, and guidelines for follow-up. Consideration should be given to a four to five

year cycle for monitoring, including the estimated number of high, moderate, and low risk subrecipients to be reviewed within each year and the type of review to be performed. GLO should also reevaluate the risk factors to consider programmatic areas in addition to the financial considerations.

The monitoring tool should be enhanced to include more specific procedures to be performed within each area (allowable costs including payroll, labor and Davis-Bacon, vendor contracts, etc.). The procedures should consider all the relevant compliance areas for CDBG that have been delegated to the subrecipients by GLO, such as low and moderate income eligibility requirements, administrative earmarking limitations, program income collection and usage, and accuracy of the information provided for reporting to HUD. Items for consideration are sample sizes, attributes to be tested, and required documentation to retain to support the review. The review of source documents is important when determining compliance with CDBG compliance requirements. For example, construction contractor invoices are generally in a standard percent of completion format. Comparison to the contract based on categories of services incurred is needed to determine if the service is allowable under CDBG.

GLO should update their standard contract template to include all the required information such as CFDA number, suspension and debarment requirements, and DUNS numbers. Also, updates should be made to the existing contracts.

Management Response and Corrective Action Plan:

The GLO DR Division has a risk assessment and monitoring plan that will incorporate KPMG's recommendations to strengthen subrecipient monitoring and oversight activities. The GLO DR Division partnered with an audit consulting firm in January 2014 that is assisting in enhancing monitoring processes and procedures to reflect the requirements of OMB A-133.

GLO's current contract templates contain sufficient language to reflect suspension and debarment clauses as required by OMB A-133. The GLO Disaster Recovery Division will coordinate its efforts with the GLO Legal Department to develop a methodology for implementing these changes to existing legacy contracts assumed by the GLO. Future award notifications will list the CFDA number and GLO will notify subrecipients when an incorrect CFDA number is reported.

Implementation Date: June 1, 2014

Responsible Persons: Martin Rivera, Jr. and Anthony Vargas

Reference No. 2013-010

Reporting

CDBG – State-Administered CDBG Cluster

Award year – N/A for disaster-funds

Award numbers – B-06-DG-48-0002, B-08-DI-48-0001, B-08-DN-48-0001, and B-12-DT-48-0001

Type of finding – Significant Deficiency and Non-Compliance

OMB Circular A-133 and A-102 require grantees of the State-Administered CDBG Cluster to submit a Performance and Evaluation Report (PER) (OMB No. 2506-0085). This report is due from each grantee within ninety days after the close of its program year. Among other factors, the report is to include a description of the use of funds during the program year and an assessment of the grantee's use for the priorities and objectives identified in its plan. Grantees are also required to submit HUD 60002, Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons (OMB No. 2529-0043). For each grant over \$200,000 that involves housing rehabilitation, housing construction, or other public construction, the prime recipient must submit form HUD 60002 (24 CFR sections 135.3(a), 135.90, and 570.487(d)).

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

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

HUD 60002 Report

The preparation of the HUD 60002 Report includes the requirement of all subrecipients to submit their respective Section 3 Report information to the General Land Office (GLO) electronically, along with any supporting program-related information or descriptions. This includes all subrecipients, including those with no information to report to ensure completeness. Section 3 Reporting information is tracked by HNTB Corporation (GLO professional engineering services contractor) staff on-site at GLO in a spreadsheet for each subrecipient to determine receipt of the respective reports for accurate reporting of information. Once the spreadsheet is completed with information for all subrecipients for all months, the spreadsheet is forwarded to GLO staff for review and submission. The review process includes the random sampling of a few subrecipient data elements. When testing the Annual 60002 Section 3 Summary Report for Non-Housing grants for the period February 1, 2012 to January 31, 2013, it was noted that there were several manual errors. The amount of \$1,564,903 of construction projects was erroneously entered as a duplicate in GLO's Section 3 Report. Therefore, the "Total dollar amount of all construction contracts awarded on the project" of \$199,051,802 was overstated by this amount and should have been \$197,486,899. Additionally, it was noted that 6 Section 3 businesses receiving construction contracts were erroneously excluded from the Section 3 Report. Therefore, the "Total number of Section 3 businesses receiving construction contracts" of six is understated and should have been twelve.

DRGR Disaster Report – Quarterly Performance Report

GLO is required to submit quarterly performance reports for the following disaster programs during fiscal year 2013: Hurricanes Katrina, Rita, and Wilma Round I; Hurricanes Katrina, Rita and Wilma Round II; Hurricanes Ike and Dolly; and Bastrop Wildfire. The following reports were submitted late: the September 30, 2012 reports for Rita Round I and Ike/Dolly, and the June 30, 2013 report for Ike/Dolly. These reports ranged from one to forty-four days late. Additionally, the required posting of the report to the grantee's official internet site within three days of submission was late for the September 30, 2012 Ike/Dolly Report and the June 30, 2013 Wildfire Report. All other report submissions and internet postings for these reports for the fiscal year were noted to be timely, and no compliance exceptions were noted with the content of the reports.

Recommendation:

GLO should consider automating the collection of the HUD 60002 report which would eliminate GLO involvement in creating spreadsheets from information collected from the subrecipients. GLO should add a review function to address timeliness of submission and posting to the internet for the DRGR reports.

Management Response and Corrective Action Plan:

HUD 60002 Report

The GLO Disaster Recovery Division (DR Division) is in the process of transitioning from multiple systems with fragmented data entry processes to an enterprise management system (TRecS). This new system will capture quarterly Section 3 data directly from grantees. The direct entry of information removes the possibility of secondary manual data entry errors. In addition, the absence of required quarterly report information will trigger a notification to grantees and grant managers for proper follow-up and review.

Subsequent phases of the TRecS system rollout will include enhanced monitoring of control points to further mitigate reporting concerns. Until the system is fully developed, DR Division is creating an interim process to review Section 3 information. Concurrently, DR Division is updating the existing Section 3 Tracking and Reporting Standard Operating Procedures and preparing to incorporate Section 3 changes required by forthcoming HUD rules and regulations.

Implementation Date: June 1, 2014

Responsible Person: Brandon Clark

DRGR Disaster Report – Quarterly Performance Report

In 2013, GLO Disaster Recovery Finance underwent reorganization of its HUD reporting team – placing both financial and performance reporting under one manager. In addition, the procedure was updated to address HUD delays and ensure reporting incidents are properly documented. This strategic move was completed to establish a dedicated DRGR team that will ensure timely and accurate DRGR reporting.

The GLO Disaster Recovery Finance has taken pro-active steps to ensure that HUD reporting is submitted and posted timely. A Standard Operating Procedure, a matrix schedule, and additional staffing were implemented in March 2013 to strengthen compliance with reporting requirements. We believe these steps will ensure DRGR reports are submitted within submission requirements.

Implementation Date: February 2014

Responsible Person: Magdalena Blanco

Health and Human Services Commission

Reference No. 2013-011

Allowable Costs/Cost Principles

CFDA 93.667 – Social Services Block Grant

Award year – October 1, 2012 to September 30, 2014

Award number – G1301TXS0SR

CFDA 93.767 – Children’s Health Insurance Program

Award years – October 1, 2012 to September 30, 2014 and October 1, 2011 to September 30, 2013

Award numbers – 1305TX5021 and 1205TX5021

SNAP Cluster

Award years – October 1, 2012 to September 30, 2014, October 1, 2011 to September 30, 2013, October 1, 2011 to September 30, 2012, and May 1, 2012 to September 30, 2012

Award numbers – 6TX400405, 6TX430145, 6TX400105, and 6TX400205

TANF Cluster

Award years – October 1, 2012 to September 30, 2013, October 1, 2012 to September 30, 2013, and October 1, 2011 to September 30, 2012

Award numbers – G1302TXTAN3, G1302TXTANF, and G1202TXTANF

Medicaid Cluster

Award years – October 1, 2012 to September 30, 2013 and October 1, 2011 to September 30, 2012

Award numbers – 1305TX5ADM, 1305TX5MAP, 1205TX5ADM, and 1205TX5MAP

Non-Major Programs:

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

Type of finding – Non-Compliance

Individual State agencies are responsible for the performance or administration of Federal awards. In order to receive cost reimbursement under Federal awards, the agency usually submits claims asserting that allowable and eligible costs (direct and indirect) have been incurred in accordance with A-87. While direct costs are those that can be identified specifically with a particular final cost objective, the indirect costs are those that have been incurred for common or joint purposes, and not readily assignable to the cost objectives specifically benefited without effort disproportionate to the results achieved. The Health and Human Services Commission (HHSC) allocates costs to various programs using factors as approved in its Cost Allocation Plan (CAP) using seventy-five different cost allocation factors.

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

Six factors were selected for test work, of which, two factors (factors 57 and 1) have not been updated since February 2013 due to unavailability of usable data from HHSC IT systems. HHSC was aware of the unavailability of the usable data and management made the decision to address other higher priority items. As a result, the factors applied from March through the year-end close at August 31, 2013 have not been based on the most current data as required under the CAP. Per review of December 2012 and February 2013 #57 and #1 factor allocations, there was no change impacting an individual federal program noted above greater than 1%.

Recommendation:

HHSC should update its factors in a timely manner to ensure proper amounts are charged to federal grants. Additionally, once the data is available, HHSC should adjust the federal expenses for March to August 31, 2013.

HEALTH AND HUMAN SERVICES COMMISSION

Management Response and Corrective Action Plan:

Once the revised data is received from HHSC IT, the affected factors will be recalculated and amounts reflected in the summary reallocation journals in the current accounting period. This summary level process adjusts expenses from the estimated allocations to the actual allocations in accordance with the approved Public Assistance Cost Allocation Plan.

Implementation Date: March 31, 2014

Responsible Person: Debbie Brewer

Reference No. 2013-012

Eligibility

Special Tests and Provisions – Income Eligibility and Verification System

Special Tests and Provisions – Penalty for Refusal to Work

Special Tests and Provisions – Adult Custodial Parent of Child under Six When Child Care Not Available

Special Tests and Provisions – Child Support Non-Cooperation

Special Tests and Provisions – ADP System for SNAP

(Prior Audit Issues – 13-02, 13-03, 13-05, 12-02, 11-09, 10-12, 09-17, 08-12, and 07-13)

SNAP Cluster

Award years – October 1, 2012 to September 30, 2014, October 1, 2011 to September 30, 2013, October 1, 2011 to September 30, 2012, and May 1, 2012 to September 30, 2012

Award numbers – 6TX400405, 6TX430145, 6TX400105, and 6TX400205

TANF Cluster

Award years – October 1, 2012 to September 30, 2013, October 1, 2012 to September 30, 2013, and October 1, 2011 to September 30, 2012

Award numbers – G1302TXTAN3, G1302TXTANF, and G1202TXTANF

Medicaid Cluster

Award years – October 1, 2012 to September 30, 2013 and October 1, 2011 to September 30, 2012

Award numbers – 1305TX5ADM, 1305TX5MAP, 1205TX5ADM, and 1205TX5MAP

Non-Major Programs:

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

Type of finding – Significant Deficiency and Non-Compliance

The Health and Human Services Commission (HHSC) utilizes the Texas Integrated Eligibility Reporting System (TIERS) for determining eligibility for Medicaid, Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), and the Refugee and Entrant Assistance Program. Eligibility for the following programs is considered to be deemed (i.e., the applicant is automatically eligible) during the time period they are also eligible for TANF, Medicaid, and/or Supplemental Nutrition Assistance Program (SNAP).

Questioned Cost:	\$247
U.S. Department of Health and Human Services U. S. Department of Agriculture	

Additional Federal Programs

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

Deemed Program

TANF and SNAP
 TANF and Medicaid
 SNAP
 SNAP and Medicaid
 TANF

HEALTH AND HUMAN SERVICES COMMISSION

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

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

Audit procedures included review of certain general and application level controls designed for TIERS, along with review of selected case files, as noted below. The eligibility process does not enforce the respective eligibility decisions necessary to ensure clients are eligible and receive proper benefit amounts.

- Consistent with current HHSC policy, TIERS is not designed to enforce third-party verification for residency, or U.S. citizenship. HHSC’s process should be improved by implementing automated controls to enforce third-party verifications. For example, a field for each is required to be populated. However, one of the choices is “client statement,” which does not constitute third-party verification. Selection of self declaration through “client statement” allows the respective case file to proceed to the next step toward benefit issuance with no third-party verification. In limited circumstances (e.g., homeless person), self-declaration for residency is acceptable. However, in general circumstances, these three elements are required to be verified with a third party. Currently, state eligibility workers assess the validity and accuracy of the client’s statement. Eligibility policy should be modified to enable TIERS to prohibit case workers from continuing towards benefit issuance until verification is obtained. A manual system override by a supervisor would be necessary in the limited circumstances where self-declaration is acceptable.
- TIERS interfaces with the Social Security Administration (SSA) to verify social security numbers. TIERS is designed so that a correct match of a client’s social security number will populate a field noting the respective social security number has been verified. For social security numbers where a match is not successful, an alert is sent to the file for the case worker to investigate. However, TIERS is not designed nor are there manual controls to restrict benefits from being issued, if the social security number has not been verified before the first recertification. HHSC’s policy is to deny benefits after one year unless efforts are underway to obtain a social security number.
- The design of TIERS does not allow the processing of various sanctions such as penalty for refusal to work, adult custodial parent of child under six when child care is not available, and child support non-cooperation through the Mass Update process in a timely manner. The Mass Update only processes requests with active EDGs. A case needs to be in “ongoing mode” versus “change mode” for changes to be implemented. When a case is in any mode other than “ongoing mode,” the sanctions are not processed timely. No compliance exceptions were noted as a result of the Mass Update for the Special Tests and Provisions – Penalty for Refusal to Work and Child Support Non-Cooperation compliance requirements noted above.

One hundred files processed through TIERS were reviewed for SNAP and Medicaid, and eighty files were reviewed for TANF. No reportable compliance exceptions were noted for SNAP and TANF. For each of the files, an initial month and a recertification month, if available during the fiscal year, was selected for test work.

For the one hundred files receiving Medicaid reviewed, three files were found to be incomplete. The three files paid benefits of \$368 for the selected months, of which \$247 resulted in net questioned costs.

HEALTH AND HUMAN SERVICES COMMISSION

- For one file, the income amount was not properly supported. There were no benefits paid to this household during the selected month.
- For one file, the application for the benefit month or redetermination month was not available for review. The benefit amount paid to these households during the selected months was \$247.
- For one file, the income amount in TIERS did not agree to the supporting check stub due to an input error. The household remained eligible; therefore there were no questioned costs.

Recommendation:

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

Management Response and Corrective Action Plan:

Verification of Residency or Citizenship Status:

TIERS is not designed to impose third party verifications for residency or citizenship status. For some programs, self-attestation is allowed per approved policy. TIERS is designed to require third party verification of alien status for non-citizens seeking assistance. HHSC has business processes in place outside of TIERS to identify deficiencies in compliance with verification requirements for all areas of eligibility including residency and citizenship status. These processes include case reading activities completed monthly by field supervisors, quality control processes, and management evaluations conducted by Quality Assurance staff.

Social Security Number Validation:

HHSC requires applicants to provide a Social Security Number (SSN) prior to certification. TIERS interfaces with the Social Security Administration (SSA) on a monthly basis to validate SSNs provided by clients. SSNs not validated by SSA are treated as exceptions and are worked through a special process. When an SSN fails validation, a task is generated and eligibility staff manually validate the client's SSN and demographic information. If an error in the SSN or demographic information exists, it is corrected and the validation is attempted again through the monthly SSA interface process. If there is no error in the demographic information, the client is notified of the discrepancy and is allowed 60 days to clear the discrepancy with the SSA and to provide written verification from SSA to HHSC. After the 60 day period, eligibility staff review the case to determine if the client has cleared the discrepancy. If the discrepancy is not cleared, the client is disqualified from receiving benefits. To ensure the exception process is effective, HHSC began quarterly reviews of this process in July 2013. As a result of these quarterly reviews, HHSC has updated work instructions for eligibility staff and continues to make improvements as deficiencies are identified.

Processing of Sanctions:

TIERS systematically applies sanction referrals to active cases in "ongoing mode". TIERS, by design, does not automatically apply sanction referrals to cases undergoing eligibility review while in "change mode". Pending actions or changes must be reviewed holistically and in combination with any sanction referral. During eligibility reviews and depending on specific household circumstances, a sanction referral may no longer be applicable. For example, an eligibility review action could be in process to remove a sanctioned individual from the household's case due to no longer residing in the household. If the case is under review or in "change mode" when the sanction referral is received, as was identified in the audit, the referral is processed and applied when the eligibility review is completed and the case is in "ongoing mode".

Beginning in September 2012 for Texas Workforce Commission sanction referrals, and September 2013 for Office of the Attorney General sanction referrals, HHSC's process ensures that all sanctions are applied within the required timeframe for cases in "change mode" when the referral is received. Specialized eligibility staff receive reports identifying cases where a sanction referral is received while the case is undergoing eligibility review and in "change

HEALTH AND HUMAN SERVICES COMMISSION

mode". Specialized staff regularly review these cases to determine if all information necessary to complete the eligibility review has been received by the agency. If all information has been received, specialized staff finalize the review or coordinate with regional eligibility staff to complete the eligibility review.

Beginning January 2014, HHSC will initiate a monthly review process of cases that were in "change mode" when the referral was received. This will allow the agency to monitor the effectiveness of procedures in place to ensure sanction referrals are processed in accordance with policy. The sample of cases that exception out will be reviewed in February, with initial results in March 2014.

Implementation Dates: Ongoing - Verification of Residency or Citizenship Status
July 2013 - SSN Validation Process quarterly quality reviews
September 2012 - Exception process for TWC sanctions
September 2013 - Exception process for OAG sanctions
January 2014 - Monthly Quality review of sanction referral processing
March 2014 - Results of January quality review of sanction referral processing

Responsible Persons: Ramona McKissic, Exception Processes, and Todd Byrnes, Quality Review

Reference No. 2013-013

Matching, Level of Effort, Earmarking

(Prior Audit Issues – 13-07)

CFDA 93.767 – Children’s Health Insurance Program

Award years – October 1, 2012 to September 30, 2014 and October 1, 2011 to September 30, 2013

Award numbers – 1305TX5021 and 1205TX5021

Type of finding – Significant Deficiency and Non-Compliance

Per the OMB Circular A-133 Compliance Supplement, matching rates for the Children’s Health Insurance Program (CHIP) expenditures are determined in accordance with the Federal matching rate for such expenditures, referred to as the enhanced Federal Medical Assistance Percentage (Enhanced FMAP) for a State. That is, the CHIP State matching rate is calculated by subtracting the Medicaid FMAP rate from one hundred, taking thirty percent of the difference, and then adding it to the Medicaid FMAP rate. Federal Register, Vol. 76, No.

230 for November 30, 2011 Notice includes the federal fiscal year 2013 rates. Based on FMAP rates in place, the State share of expenditures in place for Texas was 28.49% and 29.25% for Federal Fiscal Year (FFY) 2013 and 2012, respectively. The Health and Human Services Commission (HHSC) administers the CHIP program in Texas.

Questioned Cost:	\$(113)
U.S. Department of Health and Human Services	

For forty invoices reviewed for matching percentages in CHIP, one provider payment of \$14,905 was found to have an incorrect matching rate used. The matching rate used in CHIP is based on the FFY in which an amount is paid. HHSC’s general ledger system applies the matching rate based on the payment date. For this one sample item, the payment date was April 19, 2013; therefore a matching rate of 28.49% should have been applied. However, the FFY 2012 matching rate of 29.25% was applied instead. As a result, HHSC drew \$10,545 based on the 29.25% but should have drawn \$10,658, a difference of \$113. Also, HHSC general ledger accounts reflect the incorrect state vs. federal funding allocation share.

When the purchase order behind this particular voucher was created in September 2012, the system rate table (i.e. speed chart) used to code the distribution, assigned the federal fiscal year 2012 rates that were in place at the time. When the voucher was created against the purchase order in fiscal year 2013, the distribution lines were pulled in at the same 2012 rates resulting in application of the incorrect FMAP rate.

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

HEALTH AND HUMAN SERVICES COMMISSION

were unable to quantify the necessary adjustment prior to the issuance of the report. HHSC posted an adjustment in January 2013 based on their calculations and Xerox Pharmacy adjusted the tables to ensure the current FMAP is used for prior year expenses processed in the current year. However, HHSC has been unable to reconcile their adjustment to Xerox Pharmacy's records.

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

Recommendation:

HHSC should reevaluate their process for assigning matching rates to invoices that are received in one FFY and then paid in the following FFY, where new rates would be applicable. Additionally, HHSC should quantify the effects of similar errors that have occurred and make an adjustment to the general ledger and a resulting adjustment to the next cash draw. HHSC should reconcile their adjustment to Xerox Pharmacy records for the change in FMAP.

Management Response and Corrective Action Plan:

As described above, an invoice associated with a purchase order created in the prior fiscal year, and paid in the current fiscal year, resulted in the incorrect match rate being used and resulted in HHSC drawing \$113 less in federal funds than was entitled. Although the incorrect rate resulted in less federal funds being drawn, it did not impact the accuracy of either the CMS-21 or the SF-425 federal financial report. In addition, the frequency with which prior year CHIP purchase order payments would require the match rate to be split between funds is rare, and the likely hood of reoccurrence is very low.

HHSC will revisit the reconciliation process that is currently in place to ensure CHIP match rates are used correctly involving prior year purchase orders paid in a subsequent year. No later than January 31, 2014, HHSC will quantify and make an appropriate adjustment to reflect the impact of any misapplication of the CHIP match rate.

HHSC continues efforts to reconcile the impact of Xerox Pharmacy CHIP claims being matched at the FMAP rate in effect on the service date versus the payment date. HHSC anticipates this process will be completed by February 28, 2014.

*Implementation Dates: Quantify current year finding: Completed
Correction of invoice with match rate by January 31, 2014
Reconciliation of prior year CHIP match impact by February 28, 2014*

Responsible Person: Debbie Brewer

HEALTH AND HUMAN SERVICES COMMISSION

Reference No. 2013-014

Program Income

(Prior Audit Issues – 13-08)

Medicaid Cluster

Award years – October 1, 2012 to September 30, 2013 and October 1, 2011 to September 30, 2012

Award numbers – 1305TX5ADM, 1305TX5MAP, 1205TX5ADM, and 1205TX5MAP

Type of finding – Significant Deficiency and Non-Compliance

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

Questioned Cost:	\$0
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U.S. Department of Health and Human Services	
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The Health and Human Services Commission (HHSC) contracts with Texas Medicaid & Healthcare Partnership (TMHP) to administer the Vendor Drug Rebate Program for the Medicaid Cluster. TMHP's contract requires the generation and mailing of the Dunning/Collection Notices to drug manufacturers. The TMHP Drug Rebate Administration Policy and Procedures Document require that notices be sent to drug manufacturers that are more than forty-five days late in payment of drug rebates. Additional notices are required when drug manufacturers are seventy-five and one hundred and five days past due. Effective February 21, 2013, a five-day grace period was added to the dunning notice mail deadlines to allow additional time to mail notices.

For a sample of fifty-nine drug manufacturers for the Medicaid Cluster with program income, nine sample items were involved in the detail exception below:

- For eight of the sample items, invoices were mailed after the due date.
- For one of the sample items the 75-day and one 105-day dunning notices were not sent timely to the drug manufacturers to pursue payment. The late notices took place prior to amending procedures to provide for a five-day grace period for dunning notices on February 21, 2013.
- For one sample item, the 45-, 75-, and 105-day dunning notices were not sent. The sample item related to a new program. HHSC did not immediately send dunning notices. HHSC received payment on the sample item before sending the dunning notices.

The Dunning/Collection Notices mailing process is not automated. TMHP is required to manually initiate the production and mailing of the invoices. Per discussion with HHSC, the manual initiation for these notices was performed late.

Recommendation:

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

Management Response and Corrective Action Plan:

As a consequence of the deadline for implementation of the managed care pharmacy carve-in, HHSC directed Xerox to delay invoice processing for the first quarter of 2012 until the second quarter of 2012. HHSC will review any findings for late invoices outside of this population and evaluate the merits of assessing liquidated damages.

HEALTH AND HUMAN SERVICES COMMISSION

HHSC modified the Drug Rebate Administration Policy and Procedures on February 21, 2013, to allow the vendor up to five additional business days to send dunning notices. The late notices identified in this year's audit took place prior to the policies and procedures being updated. In addition, HHSC will update the policies and procedures to provide guidance regarding the circumstances under which dunning notices can be sent after the due date, including proper documentation of such situations.

Implementation Date: May 2014

Responsible Person: Andy Vasquez

Reference No. 2013-015

Reporting

Medicaid Cluster

Award years – October 1, 2012 to September 30, 2013 and October 1, 2011 to September 30, 2012

Award numbers – 1305TX5ADM, 1305TX5MAP, 1205TX5ADM, and 1205TX5MAP

Type of finding – Significant Deficiency and Non-Compliance

Per OMB Circular A-102, Federal agencies shall require grantees to use the SF-269, Financial Status Report-Long Form, or SF-269a, Financial Status Report-Short Form, to report the status of funds for all non-construction projects or programs. Federal agencies need not require the Financial Status Report when the SF-270, Request for Advance or Reimbursement, or SF-272, Report of Federal Cash Transactions, is determined to provide adequate information. The SF-269 and 272 reports have been replaced by the SF-425. The Health and Human Services Commission (HHSC) is required to submit a Federal Financial Report (Standard Form 425 or SF-425) for many of its federally funded programs, including the Medical Cluster. The form includes information regarding federal cash receipts, cash disbursements, and cash on hand. The amounts reported on the SF-425 and its attachments must be supported by HHSC's books and records.

Questioned Cost: \$0

U.S. Department of Health and
Human Services

On the SF-425 report, for the quarter ended December 31, 2012, the total reduction of expense reported for Medicaid grant #1105TXEXTN was \$(3,547,634). The amount was reported on the original SF-425 for December 31, 2012, which was submitted on January 30, 2013. The amount was subsequently adjusted to \$(3,558,675), but HHSC did not reflect the change on the updated SF-425 submitted on February 22, 2013. Two quarters were selected for test work.

Recommendation:

HHSC should ensure that the above change to the December 31, 2012 SF-425 report is reported. HHSC should also enhance reporting procedures to ensure that adjustments impacting Federal Financial Reports are tracked and submitted on a timely basis.

Management Response and Corrective Action Plan:

HHSC updated the SF-425 report with the change noted above on August 5, 2013. This change is not a normal occurrence and HHSC received special CMS approval in February 2013 to recertify and include the changes in CMS-64 report for the first quarter of federal fiscal year 2013. HHSC has also implemented an additional step in the review process to ensure changes submitted on the CMS-64 are also reflected on the SF-425.

Implementation Date: August 5, 2013

Responsible Person: Debbie Brewer

HEALTH AND HUMAN SERVICES COMMISSION

Reference No. 2013-016

Subrecipient Monitoring

TANF Cluster

Award years – October 1, 2012 to September 30, 2013 and October 1, 2011 to September 30, 2012

Award numbers – G1302TXTAN3, G1302TXTANF, and G1202TXTANF

Type of finding – Material Weakness and Material Non-Compliance

The Health and Human Services Commission (HHSC) passes through federal funds to subrecipients to carry out the objectives of the TANF Cluster program for the Texas Nurse Family Partnership Program (NFP). HHSC is required by OMB Circular A-133, Section .400, to monitor subrecipients to ensure compliance with Federal rules and regulations, as well as the provisions of the contracts or grant agreements. According to OMB Circular A-133, HHSC must assure that subrecipients expending Federal funds in excess of \$500,000 have an OMB Circular A-133 Single Audit performed and provide a copy of the auditor's report to HHSC within nine months of the subrecipient's fiscal year end. HHSC is to review the report and issue a management decision within six months, if applicable. Per title 2 of the Code of Federal Regulation (CFR) part 25, an entity is prohibited from making an award until the subrecipient has a valid Data Universal Numbering System (DUNS). The requirement was effective October 1, 2010.

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

HHSC's subrecipient monitoring procedures include the use of a standard contract for services, the provision of technical assistance to subrecipients, and the submission of a monthly billing summary. Audit procedures involved a review of five of thirteen subrecipients' files for fiscal year 2013. Total expenses for TANF subrecipients were approximately \$2.8 million. From those five files, the following items were noted:

- For all five contracts, the CFDA title, CFDA number, and name of the Federal agency, was not included in the contract notification to the subrecipients. Additionally, the requirements imposed by law are not explicitly stated in the contract.
- The award amount is communicated in the contracts; however, it is part federal and part state. HHSC does not know at the time of the award, the allocation of federal to state and therefore does not communicate this to the client. Likewise, HHSC does not track the funding separately in their general ledger during the year as to federal or state.
- For two subrecipients, HHSC did not obtain the DUNS number prior to executing the contract. HHSC obtained the DUNS during the audit.
- For three subrecipients, the Nurse-Family Partnership National Service Office (NSO) approval award letter, which indicates that all requirements have been met to be eligible for the NFP award, was not available in the subrecipient file.
- For all five subrecipients, insufficient documentation was available to validate that HHSC obtained and reviewed reimbursement requests to ensure the subrecipient was in compliance with the allowable cost or matching requirements of the grant.
- For four subrecipients, TANF funds were reported as State funds and not as Federal, resulting in an A-133 audit report not specifically covering the TANF Federal funds expended by the subrecipient.

Recommendation:

HHSC should reevaluate its subrecipient monitoring process for the NFP program to ensure compliance with HHSC, state, and federal regulations. Specifically, HHSC should update all existing contracts with the subrecipients through the use of an amendment, to include all the required information. HHSC should work with NSO to obtain documentation of subrecipient eligibility. HHSC should also establish a risk assessment and monitoring process to address their responsibilities for oversight of allowable costs, matching, eligibility, and other program requirements. In addition, HHSC should develop a process for notifying the subrecipients how much of their award is federal so the proper amount is included in their respective A-133 audits that HHSC should collect and issue management decision letters, if applicable.

HEALTH AND HUMAN SERVICES COMMISSION

Management Response and Corrective Action Plan:

HHSC will reevaluate current monitoring and other processes and take steps to ensure existing and new contracts identify the federal funding agency and all applicable requirements are included. In addition, a DUNS number will be obtained from each subrecipient prior to processing payments. Also, HHSC will improve document retention practices to ensure award approval letters and other documentation is maintained to support subrecipient reimbursement requests and payments.

The NFP program will work with HHSC Budget Management to implement a process to ensure the allocation of federal and state funding for the program is identified and provided to subrecipients in a timely manner to facilitate reporting the funds on the subrecipient's Schedule of Federal Awards and for inclusion on their annual A-133 audit.

Implementation Date: August 2014 – Evaluate current processes and implement improvements
August 2014 – Implement federal-state allocation reporting process with subrecipients

Responsible Person: Sarah Abrahams

Reference No. 2013-017

Special Tests and Provisions – Provider Health and Safety Standards

Medicaid Cluster

Award years – October 1, 2012 to September 30, 2013 and October 1, 2011 to September 30, 2012

Award numbers – 1305TX5ADM, 1305TX5MAP, 1205TX5ADM, and 1205TX5MAP

Type of finding – Significant Deficiency and Material Non-Compliance

Per 42 CFR part 442, providers must meet the prescribed health and safety standards for hospital, nursing facilities, and ICF/MR. The standards may be modified in the State plan. An out-of-state (OOS) provider may come into the program based on several different circumstances, including: (1) The client being sent out of state for services that are not readily available in Texas; (2) Border states where it is the norm for clients to receive a service in that border state; (3) Provider was originally allowed in the program before OOS rules were updated. Under current Health and Human Services Commission (HHSC) procedures, HHSC requires OOS providers to fill out the same application as an in-state provider. OOS providers are to receive a letter that tells them that their enrollment is limited and informing them of the amount of time that has been granted. Of a sample of forty providers receiving Medicaid payments during fiscal year 2013, eight were OOS providers. Current health and safety information was not provided for these OOS providers.

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

Recommendation:

HHSC should implement procedures to ensure federal and State plan requirements regarding health and safety standards are achieved for OOS providers.

Management Response and Corrective Action Plan:

Verification that facilities meet State plan health and safety standards is achieved for both in-state and out-of-state providers through verification of current and valid licensure through the appropriate state licensing authority at time of enrollment. Additionally, in accordance with state administrative rules (ITAC §352.17), out-of-state providers are typically given a time-limited enrollment not to exceed one year. Since licensure is verified at the time of enrollment and enrollment is time-limited, the risk that OOS providers are not in compliance with health and safety standards is minimal. Currently, HHSC does not receive information about, or have a process in place to identify, OOS providers during the time-limited enrollment period that have their licensure cancelled by out-of-state licensing authorities.

HHSC will review OOS provider enrollment policies, practices, and processes. Based on the outcome of this review, HHSC will make the necessary policy adjustments or implement processes to ensure compliance with State plan health and safety standards.

Implementation Date: September 2014

Responsible Person: Laurie Vanhoose

Reference No. 2013-018

Special Tests and Provisions – Provider Eligibility

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

Medicaid Cluster

Award years – October 1, 2012 to September 30, 2013 and October 1, 2011 to September 30, 2012

Award numbers – 1305TX5ADM, 1305TX5MAP, 1205TX5ADM, and 1205TX5MAP

Type of finding – Significant Deficiency and Material Non-Compliance

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

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

A sample of fifty providers receiving Medicaid payments during fiscal year 2013 were selected for review and twenty-two files were noted to have the following exceptions. Of the twenty-two files with exceptions, fifteen files were enrolled prior to fiscal year 2004 when the Health and Human Services Commission (HHSC) contracted with their current vendor who operates under current HHSC policies and procedures.

- For sixteen providers, a search to ensure the provider was not on the Medicaid exclusion list was not documented at the time of enrollment.
- For eight providers, a signed and notarized copy of the Provider Information Form was not available for review.
- For seven providers, there was no signed disclosure of ownership and control interest statement available for review.
- For two providers, there was no provider agreement or suspension and debarment certification.
- For two transportation service area providers, files were not located. For two additional transportation service area providers, the files were not complete.
- For one lodging provider, the agreement and vendor information form were provided but other documentation was not available for review.
- For one individual transportation provider (ITP), necessary documentation such as credentials, had not been updated and no panel letter was included.

Recommendation:

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

Management Response and Corrective Action Plan:

MEDICAID/CHIP RESPONSE:

The records that were reviewed during the audit date back to 1984 and many changes have occurred since that time. Beginning in 2004, the contracted Medicaid claims administrator implemented new policies and procedures to ensure proper enrollment and eligibility requirements are met prior to enrollment into the Texas Medicaid Program. Other improvements were made in September 2007 and as recently as January 2013.

In the current process, all applications are checked against HHSC and HHSC OIG exclusion lists (performed since January 2004) and any screened by OIG against its Open Investigations List (performed since January 2006). These processes were automated in September 2007. The process also includes a two-tier quality analysis process for provider enrollment applications. First, files requiring OIG review undergo 100% quality review for S3 checks prior to enrollment. Second, the TMHP Quality Division performs daily and monthly post-enrollment reviews on a sample of provider applications finalized for enrollment.

In addition, TMHP accesses all appropriate licensure boards via the Internet to confirm valid licensure prior to enrollment of new providers and to review licenses set to expire within 60-days for all currently enrolled providers. For enrolled providers, if a current license cannot be located or obtained from the website, a payment denial code is placed on the provider's file to ensure no payments are made to the provider after the license expires.

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

In response to the audit findings, 15 of the 22 providers were enrolled prior to 2004 under the previous claims administrator. TMHP rendered a replacement TPI for one provider per State direction. However, the original enrollment of this provider was performed by the previous claims administrator. For the 15 enrollments processed by the previous claims administrator marked for exclusions, TMHP provided KPMG with current S3 queries (exclusion checks) for these providers in accordance with previous audits. HHSC and TMHP consider these 15 providers to be in good standing at the time of enrollment.

As of January 2013, all applications are compliant with requirements of Section 6401 of the Patient Protection and Affordable Care Act (ACA) and many of the additional providing screening requirements required by the ACA have been implemented as well. Additionally, HHSC is currently waiting for federal approval to implement the remaining ACA provider enrollment and screening requirements. Specifically, all currently enrolled Medicaid providers must be re-enrolled on or before March 2016. To date, durable medical equipment (DME) providers have been re-enrolled per ACA guidelines; all other provider types will be scheduled for re-enrollment once the pending federal approval is received. However, any currently enrolled provider may re-enroll at any time prior to March

HEALTH AND HUMAN SERVICES COMMISSION

2016 to meet the ACA requirement and TMHP has published multiple provider notifications regarding the re-enrollment requirement.

HHSC continues to monitor federal guidance regarding the additional provider screening and enrollment requirements of the ACA and the impact to the Medicaid Program. Provider re-enrollment will be required every three to five years dependent on provider type. Once all of the new requirements are implemented and providers are re-enrolled in the Medicaid Program, HHSC will be able to ensure that all providers have met federal and state requirements for enrollment.

Implementation Date: September 2015

Responsible Person: Kay Ghahremani

MTP RESPONSE:

Four of the Medical Transportation Program (MTP) provider enrollment exceptions related to Individual Transportation Participants (ITPs) and lodging participants. CMS has given the State flexibility in determining whether to enroll individuals who receive reimbursement for providing nonemergency medical transportation as providers, and the State has always elected not to consider ITPs and lodging participants as Medicaid providers.

After the MTP provider enrollment function was transitioned to TMHP in March 2012, TMHP mistakenly updated the Medicaid Provider Manual to indicate that ITPs were to be considered the same (and be subject to the same documentation requirements) as all other Medicaid providers. TMHP has been notified to correct the ITP information contained in the Medicaid Provider Manual.

The other MTP provider enrollment exceptions related to Transportation Service Area Providers (TSAPs). The exceptions involved TSAPs that had been enrolled over eight years ago when MTP was managed by another state agency.

MTP has processes in place to ensure it obtains all necessary documentation for TSAPs. As HHSC enrolls new transportation service providers, these processes are followed and required documentation is collected and maintained.

Implementation Date: The next revision to the TMHP Correct Medicaid Provider Manual will include corrected ITP information.

Responsible Person: Dimitria Pope

Reference No. 2013-019

Special Tests and Provisions – EBT Card Security

(Prior Audit Issue – 13-11)

SNAP Cluster

Award years – October 1, 2012 to September 30, 2014, October 1, 2011 to September 30, 2013, October 1, 2011 to September 30, 2012, and May 1, 2012 to September 30, 2012

Award numbers – 6TX400405, 6TX430145, 6TX400105, and 6TX400205

Type of finding – Significant Deficiency and Non-Compliance

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

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

HEALTH AND HUMAN SERVICES COMMISSION

The Health and Human Services Commission (HHSC) maintains segregation of duties between case worker access to dispose cases in the eligibility systems and EBT clerk access to the EBT card issuance system to issue cards. Based on a review of all access to both systems, fifty-eight employees were noted as having access to both dispose cases in the eligibility systems and to issue cards in the EBT card issuance system from September 2012 to January 2013. In January 2013, HHSC reviewed the access and implemented a new policy requiring advance approval of access to both systems. For offices where such approval is granted, HHSC regional managers review monthly reports to determine if such employees have disposed cases in the eligibility system and issued EBT cards. From January 2013 to August 31, 2013, there were three employees with access to both systems being monitored by their respective regional managers. During review of the access lists dated fall 2013, two additional employees were noted to have inappropriate access to both systems.

Recommendation:

HHSC should ensure proper segregation of duties exist between eligibility and EBT systems such that no person has access to both systems unless approved. For those employees with approval, HHSC should continue to monitor their activity to determine the employee did not dispose cases in the eligibility systems and issue EBT cards. The ability to add access should be modified such that the HHSC approval process is adhered to.

Management Response and Corrective Action Plan:

In the fiscal year 2012 review, a total of 58 employees with high risk role combinations were identified. Following further review, HHSC identified that this was largely due to staff with TIERS disposition roles being assigned EBT duties to assist during periods of increased workloads. Effective February 2013, HHSC reviewed and modified regional EBT coordinator assignments which eliminated the high risk role combination for most staff. Additionally, in February 2013, in instances where both the EBT card issuance and TIERS disposition roles are needed to fulfill the region's business needs, HHSC implemented a monitoring process to ensure staff with high risk role combinations do not issue EBT cards for cases they dispose. Effective May 2013, HHSC implemented quarterly reviews of TIERS eligibility system and EBT card provisioning high risk role combinations to identify and monitor staff with the high risk role combination, and to remove TIERS/EBT roles that are no longer needed. This process has greatly reduced the number of staff with high risk role combinations statewide.

A review conducted by KPMG in January 2014 showed two staff with high risk role combinations. HHSC has subsequently modified the roles so these staff only have access to one system. To further improve the process, HHSC will work to grant regional EBT coordinators read-only access to the provisioning system. This will allow EBT coordinators to identify individuals with TIERS disposition roles prior to granting them the ability to also issue EBT cards

Implementation Date: May 31, 2014

Responsible Person: Ramona McKissic

Reference No. 2013-020

Special Tests and Provisions – Adult Custodial Parent of Child under Six When Child Care Not Available

TANF Cluster

Award years – October 1, 2012 to September 30, 2013 and October 1, 2011 to September 30, 2012

Award numbers – G1302TXTAN3, G1302TXTANF, and G1202TXTANF

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

Questioned Cost:	\$211
U.S. Department of Health and Human Services	

HEALTH AND HUMAN SERVICES COMMISSION

site is unavailable; (ii) Informal child care by a relative or under other arrangements is unavailable or unsuitable; or (iii) Appropriate and affordable formal child care arrangements are unavailable; (2) Refusal to work when an acceptable form of child care is available is not protected from sanctioning. Per 45 CFR 261.15(b), a State that fails to impose penalties on individuals in accordance with the provisions of Section 407(e)(2) of the Act and the requirements at Section 261.56 may be subject to the State penalty specified at Section 261.57. The State's policy is to reduce benefits 100% for noncooperation. The Texas Integrated Eligibility Reporting System (TIERS) determines eligibility for Temporary Assistance for Needy Families (TANF).

The design of TIERS does not allow the processing of various sanctions such as penalty for refusal to work, adult custodial parent of child under six when child care is not available, and child support non-cooperation through the Mass Update process in a timely manner. The Mass Update only processes requests with active EDGs. A case needs to be in "ongoing mode" versus "change mode" for changes to be implemented. When a case is in any mode other than "ongoing mode" the sanctions are not processed timely.

A sample of forty beneficiaries who should have had their benefits reduced was selected for review. Our review noted for one case, benefits were reduced one month late. This resulted in an overpayment of \$211.

Recommendation:

Health and Human Services Commission management should continue to monitor the proper functioning of identifying and restricting benefits for individuals timely.

Management Response and Corrective Action Plan:

TIERS systematically applies sanction referrals to active cases in "ongoing mode". TIERS, by design, does not automatically apply sanction referrals to cases undergoing eligibility review while in "change mode". Pending actions or changes must be reviewed holistically and in combination with any sanction referral. During eligibility reviews and depending on specific household circumstances, a sanction referral may no longer be applicable. For example, an eligibility review action could be in process to remove a sanctioned individual from the household's case due to no longer residing in the household. If the case is under review or in "change mode" when the sanction referral is received, as was identified in the audit, the referral is processed and applied when the eligibility review is completed and the case is in "ongoing mode".

Beginning in September 2012 for Texas Workforce Commission sanction referrals, and September 2013 for Office of the Attorney General sanction referrals, HHSC's process ensures that all sanctions are applied within the required timeframe for cases in "change mode" when the referral is received. Specialized eligibility staff receive reports identifying cases where a sanction referral is received while the case is undergoing eligibility review and in "change mode". Specialized staff regularly review these cases to determine if all information necessary to complete the eligibility review has been received by the agency. If all information has been received, specialized staff finalize the review or coordinate with regional eligibility staff to complete the eligibility review.

Beginning January 2014, HHSC will initiate a monthly review process of cases that were in "change mode" when the referral was received. This will allow the agency to monitor the effectiveness of procedures in place to ensure sanction referrals are processed in accordance with policy. The sample of cases that exception out will be reviewed in February, with initial results in March 2014.

*Implementation Dates: September 2012 - Exception process for TWC sanctions
 September 2013 - Exception process for OAG sanctions
 January 2014 - Monthly Quality review of sanction referral processing
 March 2014 - Results of January quality review of sanction referral processing*

*Responsible Persons: Ramona McKissic, Exception Processes
 Todd Byrnes, Quality Review*

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

Reference No. 2013-021

Allowable Costs/Cost Principles

(Prior Audit Issues – 13-14)

CFDA 93.667 – Social Services Block Grant

Award year – October 1, 2012 to September 30, 2014

Award number – G1301TXS0SR

CFDA 93.767 – Children’s Health Insurance Program

Award years – October 1, 2012 to September 30, 2014 and October 1, 2011 to September 30, 2013

Award numbers – 1305TX5021 and 1205TX5021

CFDA 93.959 – Block Grants for Prevention and Treatment of Substance Abuse

Award years – October 1, 2012 to September 30, 2014, October 1, 2011 to September 30, 2013, and October 1, 2010 to September 30, 2012

Award numbers – 2B08TI010051-13, 2B08TI010051-12, and 2B08TI010051-11

Medicaid Cluster

Award years – October 1, 2012 to September 30, 2013 and October 1, 2011 to September 30, 2012

Award numbers – 1305TX5ADM, 1305TX5MAP, 1205TX5ADM, and 1205TX5MAP

Non-Major Programs:

CFDA 93.958 – Block Grants for Community Mental Health Services

Type of finding – Material Weakness

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

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

The Texas Health and Human Services Commission (HHSC) has a managed care program through a section 1115 waiver. Effective April 2012, approximately 85% of all Texas-covered individuals are in the managed care program. Managed care payments total approximately \$1 billion a month. The Premiums Payable System (PPS) maintained by HHSC maintains participant risk groups, capitated rates for risk groups, and managed care organizations to which individuals are assigned. Eligibility of individuals is received via interface files with other Texas systems. HHSC reorganized the Medicaid and CHIP division in April 2013 to create an HHSC Managed Care Operations Coordination Department separate from the HHSC Managed Care Program Operations Department. Data from PPS is downloaded by the HHSC Managed Care Operations Coordination Department to calculate amounts due to each Managed Care Organization (MCO), to create invoices to be paid to the MCOs, and to allocate payments to the proper funding source. HHSC maintains segregation of duties between information technology (IT) operations and program personnel in its eligibility systems and PPS to ensure that individuals approving eligibility are not the same individuals who approve or process the MCO transactions.

Based on a review of the manual and automated processes related to the managed care program, adequate segregation of duties is not in place related to the functions performed by the HHSC Managed Care Operations Coordination Department. Also, the PPS system is not automated as to the calculation of the MCO payments amounts and assignment of funding sources. Primarily, two individuals within HHSC Managed Care Operations Coordination Department performed the following tasks during fiscal year 2013. These same two individuals also have IT access to PPS to modify certain data maintained in the system such as capitation rates.

These tasks are:

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

Forty MCO payments in CHIP and forty in Medicaid were selected for allowable costs test work and no exceptions were noted with regard to allowable services to the respective eligible provider.

Issues were noted around IT general controls for the PPS system, specifically access and change management controls. Segregation of duties is not enforced as two HHSC developers have access to one of the two PPS production servers. In addition, one of the two noted developers has administrative access to the PPS application. Through June 2013, informal processes exist for promoting program changes into the PPS system, and formal documentation was not maintained for testing and final approval prior to promoting code to the production environment. Since June 2013, a process has been formalized to test and approve code changes.

Recommendation:

HHSC has presented a plan to segregate the above tasks during fiscal year 2014. HHSC Managed Care Program Operations Department would be responsible for updated MCO vendor changes. HHSC Actuarial Analysis Division will update all capitated rates within PPS and review the changes. PPS is planned to be updated to automate the MCO payment calculations and to generate invoices for payment. HHSC Managed Care Operations Coordination Department will continue to reconcile invoices to PPS reports and address communications with the MCOs. HHSC should continue to execute their plan to ensure proper segregation of duties exist.

With regard to the IT environment, HHSC should ensure proper segregation of duties exist within PPS including a review of developers with access.

Management Response and Corrective Action Plan:

HHSC is working to address the Premiums Payable System (PPS) segregation of duties issues related to the functions performed by the HHSC Managed Care Operations Coordination Department and ensuring developers' administrative access is appropriate. A Deliverables-Based Information Technology Services Request for Proposal (RFP) has been developed to secure a consultant to assist with automation and to improve business processes. The Statement of Work was released on January 10, 2014, and vendor responses are due February 14, 2014. Overall automation and redesign efforts to segregate incompatible PPS functions is ongoing with an anticipate completion and implementation date of May 31, 2015.

Actions taken to date include:

- *In May 2013, corrective actions were completed to a) further limit the number of staff with access to PPS, b) remove developers' administrative access, and c) fully implement a change management control process initiated in October 2012.*
- *September 2013 capitation rates were verified by the HHSC Actuarial Analysis Division on August 27, 2013.*
- *Automation changes to allow capitation rates to be input directly into PPS were completed in August 2013. This automated input process will be utilized during the next rate change cycle, tentatively scheduled for February 2014.*
- *Review and validation of all PPS vendor information was completed on September 18, 2013. The review validated that the Managed Care Organization (MCO) name, plan code, plan name, and service area were correct. This review and validation process will be conducted annually, at a minimum.*

Implementation Date: Ongoing (see dates above)

Responsible Person: Kay Ghahremani

Texas Department of Housing and Community Affairs

Reference No. 2013-022

Reporting

CFDA 93.568 – Low-Income Home Energy Assistance

Award year – October 1, 2011 to September 30, 2013

Award number – G-12B1TXLIEA

Type of finding – Non-Compliance

As part of the application for block grant funds each year, a report is required for the preceding fiscal year of (1) the number and income levels of the households assisted for each component (heating, cooling, crisis, and weatherization), and (2) the number of households served that contained young children, elderly, or persons with disabilities. Territories with annual allotments of less than \$200,000 and Indian tribes are required to report only on the number of households served for each component (42 USC 8629; 45 CFR section 96.82). Key line items are noted as Section 1 – LIHEAP Assisted Households and Section 2 – LIHEAP Applicant Households.

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

For the federal fiscal year 2012 LIHEAP annual report, the Texas Department of Housing and Community Affairs (TDHCA) did not retain documentation for the number of elderly, disabled, or young children column in Section 1 of the report. TDHCA was unable to produce the report in arrears as the database is continuously updated.

Recommendation:

TDHCA should retain the supporting documentation of all reports filed.

Management Response and Corrective Action Plan:

The Community Affairs Division is automating the reporting system for each of the required annual reports. The queries for the reports are in the testing stage. When completed, the system will generate the submission as well as the backup documentation for historical purposes. Each submission will have a date stamped runtime to corroborate the reported totals. The backup documentation will be saved in accordance with the records retention schedule for the appropriate grant.

Implementation Date: April 30, 2014

Responsible Person: Cathy Collingsworth

Office of the Attorney General

Reference No. 2013-023

Allowable Costs/Cost Principles

(Prior audit issues 13-18)

CFDA 93.563 – Child Support Enforcement

Award years – October 1, 2012 to September 30, 2013 and October 1, 2011 to September 30, 2012

Award numbers – 1304TX4005 and 1204TX4005

Medicaid Cluster

Award years – October 1, 2012 to September 30, 2013 and October 1, 2011 to September 30, 2012

Award numbers – 1305TX5ADM, 1305TX5MAP, 1205TX5ADM, and 1205TX5MAP

Type of finding – Significant Deficiency and Non-Compliance

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

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

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

Prior to fiscal year 2012, the Office of the Attorney General (OAG) had an approved methodology with the U.S. Department of Health and Human Services, Division of Cost Allocation (DCA) to prepare and submit their annual OMB A-87 Cost Allocation Plan (the Plan) based on budgeted information. During fiscal year 2012, OAG received communication from DCA to change their Plan to actual expenditures incurred for the state fiscal year. The fiscal year 2012 Plan approved by DCA on March 1, 2012, was to be based on fiscal year 2010 actual expenditures. Similarly, the fiscal year 2013 Plan was to be based on fiscal 2011 actual expenditures. During the reconciliation of the expenditures included in the approved fiscal year 2012 and 2013 Plans to the final 2010 and 2011 actual expenditures included in the State of Texas Comprehensive Annual Financial Report (CAFR), OAG noted they had continued to report expenses based on the budget year and not the state fiscal year. Per email communications with DCA in Dallas, Texas, dated October 25, 2012, DCA reconfirmed to OAG the need to prepare the Plan based on actual state fiscal year expenses as reported in the respective CAFR. Additionally, DCA agreed to accept the fiscal year 2012 Plan noted above and the fiscal year 2013 Plan submitted and under DCA review based on the budget year expenditure information. OAG was instructed via the email to prepare the fiscal year 2014 Plan based on actual state fiscal year 2012 expenditures. Therefore no questioned costs are noted.

Recommendation:

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

Management Response and Corrective Action Plan:

For 20 years prior to FY 2012, the OAG had an approved methodology with the U.S. Department of Health and Human Services, Division of Cost Allocation (DCA) to prepare and submit two annual OMB A-87 Cost Allocation Plans (Plans) utilizing actual expenditures based on budget year information and budgeted expenditures based on budget year information. The OAG's Plans were prepared using data that was reasonable, allocable, auditable, and in accordance to OMB A-87. From FY 1992 through FY 2011, DCA has approved each of the OAG's Plans. KPMG audited the plan utilizing the budgeted expenditures based on budget year information including a carry forward adjustment from the plan with actual expenditures based on budget year information annually for many of those years.

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

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

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

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

Responsible Person: Norma Flores

Department of State Health Services

Reference No. 2013-024

Cash Management

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

Award years – January 1, 2012 to September 30, 2013 and October 1, 2012 to September 30, 2013

Award numbers – 6TX700526 and 6TX700506

Type of finding – Significant Deficiency

U. S. Department of the Treasury (Treasury) regulations at 31 CFR part 205, which implement the Cash Management Improvement Act of 1990 (CMIA), as amended (Pub. L. No. 101-453; 31 USC 6501 *et seq.*), require State recipients to enter into agreements that prescribe specific methods of drawing down Federal funds (funding techniques) for selected large programs. The agreements also specify the terms and conditions in which an interest liability would be incurred. CFDA 10.557 is covered by the Treasury-State Agreement in accordance with the materiality thresholds in 31 CFR section 205.5, Table A. The funding technique specified is Pre-Issuance. However, rebates held in State accounts are exempt from the interest provisions of the CMIA (42 USC 1786 (h) (8) (J); 7 CFR section 246.15(a).

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

CFDA 10.557 CMIA calculation includes the netting of the infant formula rebates. The Department of State Health Services (DSHS) should net the rebates when received against both disbursements and deposits (i.e. no further food draws are made until the rebates are accounted for). DSHS netted the infant formula rebates against the incorrect dates and also against administrative expenses instead of food only expenses. Upon correction, the change to the pre-issuance number of days remained negative (i.e. no interest is due to the federal government) thus there was no change in the consolidated CMIA report. The management review of the CMIA calculation for CFDA 10.557 was not performed at the correct level of precision to identify the above issues.

Recommendation:

DSHS should enhance their management review of the CMIA calculations to ensure infant formula rebates are appropriately accounted for. In addition, DSHS should review their existing CMIA procedures to verify sufficient level of detail is present to effectively execute the yearly calculation.

Management Response and Corrective Action Plan:

DSHS concurs with the KPMG finding concerning enhanced management review of CMIA calculations. Correction to the current CMIA report will be reflected as a prior period adjustment on the 2014 report. DSHS will continue to refine our calculation procedures, review procedures and related training, to provide for more accurate annual reporting.

Implementation Date: November 1, 2014

Responsible Person: Gary Lawrence

STATE HEALTH SERVICES, DEPARTMENT OF

Reference No. 2013-025

Reporting

(Prior Audit Issue 13-17)

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

Award years – January 1, 2012 to September 30, 2013 and October 1, 2012 to September 30, 2013

Award numbers – 6TX700526 and 6TX700506

Type of finding – Significant Deficiency and Non-Compliance

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

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

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

DSHS’ policy was to report the effective date (the date both parties signed the contract) as the subaward obligation/action date on the FFATA report, even if the contract start date was after the effective date. The obligation date reported on FFATA should be the date the funds can actually be drawn, which is the later of the contract start date or the date the contract is signed by both parties. For two of eleven sample subawards reviewed, the subaward action date per the FFATA report was August 2012 and one of eleven was September 2012, when the start date for all three of these contracts was not until October 2012. Consequently, because these subrecipient contracts were submitted early, they were incorrectly submitted under the 2012 FAIN number (12126TX506W1003) rather than the 2013 FAIN number (13136TX506W1003) for WIC Award 6TX5700506.

Additionally, one subrecipient had an amendment dated April 2013 which was not filed. A second subrecipient was amended and when DSHS went to file the amendment, DSHS noted the original contract dated October 2012 had not been reported. Both the original and amendment were reported as of June 2013.

Recommendation:

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

Management Response and Corrective Action Plan:

Beginning fiscal year 2014, DSHS began reporting the obligation date which is the date the funds can actually be drawn and is the later of the contract start date or the date the contract is signed by both parties.

During fiscal year 2013, it was determined that there was an error in the report pulling FFATA data, resulting in the amendments mentioned above not being reported. As soon as the problem was discovered, the error was

corrected, amendments were identified and appropriate information was entered in the Federal Subaward Reporting System (FSRS).

Beginning fiscal year 2014, DSHS streamlined the process for tracking changes such as amendments and submission of error reports. Amendments are manually reported in a timely manner. Errors are manually submitted to the Federal FSRS helpdesk.

DSHS is attempting to automate and streamline more of the FFATA data gathering processes as part of the roll out of a new contracting system. However, the data will still have to be manually uploaded or entered into the Federal FSRS system.

DSHS, and the purchasing function supporting DSHS in these activities, appreciates that additional resources could improve the FFATA reporting processes and will consider this recommendation.

Implementation Date: September 1, 2014 in consideration of automation and additional resources. All other actions already taken.

Responsible Person: Gary Lawrence

Reference No. 2013-026

**Special Tests and Provisions – Control, Accountability, and Safeguarding of Vaccine
Special Tests and Provisions – Record of Immunization**

CFDA 93.268 – Immunization Cooperative Agreements

Award years – January 1, 2013 to December 31, 2013 and January 1, 2012 to December 31, 2012

Award numbers – 1H23IP000773-01 and 5H23IP622571-10

Type of finding – Significant Deficiency and Non-Compliance

Under Title 42 of the United States Code, effective control and accountability must be maintained for all vaccines under the Vaccines for Children (VFC) program. Vaccines must be adequately safeguarded and used solely for authorized purposes (42USC1396s). This includes administration only to VFC program-eligible children, as defined in 42USC1396s(b)(2)(A)(i) through (A)(iv), regardless of the child's parent's ability to pay (42USC1396s(c)(2)(C)(iii)). Additionally, a record of the vaccine administered shall be made in each person's permanent medical record (or in a permanent office log or file to which a legal representative shall have access upon request) (42USC300aa-25) which includes: date of administration of the vaccine, vaccine manufacturer and lot number of the vaccine, and name and address and, if appropriate, the title of the health care provider administering the vaccine.

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

The Department of State Health Services (DSHS) is responsible for monitoring all providers that receive vaccines from DSHS. Although the City of Houston and San Antonio Metro are Center of Disease Control (CDC) grantees, providers in those areas receive DSHS vaccines. The City of Houston and San Antonio Metro conduct site visits, monitor inventory, and approve vaccine orders for providers in their respective areas. Of a sample of forty-two providers, nineteen were related to City of Houston and San Antonio Metro.

The City of Houston follows the DSHS monitoring process, which includes completing the Immunization Record Review Tool. DSHS's current process is to review a portion of the City of Houston reviews. However per review of three site visits conducted by the City of Houston, the Immunization Record Review Tool was not completed. Additionally, one of the three sites also did not have evidence of follow-up in the file.

San Antonio Metro has established their own monitoring process and DSHS currently does not have a process to oversee San Antonio. For the San Antonio Metro files reviewed, no compliance exceptions were noted.

Recommendation:

DSHS should establish a process to review on-site visits conducted by the City of Houston and San Antonio Metro to ensure that a standardized monitoring tool that covers all federal guidelines is utilized and fully completed at site-visits.

Management Response and Corrective Action Plan:

The Immunization Branch contracts with the Texas Medical Foundation (TMF) to conduct provider site reviews to ensure that Texas Vaccine For Children (TVFC) providers are compliant with program policies and vaccine storage and handling requirements. Prior to January 2012, the City of Houston and San Antonio Metropolitan Health District ordered and managed vaccines for the TVFC providers in their respective jurisdictions. The Immunization Branch will be seeking official guidance from the CDC to determine specific oversight responsibilities of TVFC providers within the City of Houston and San Antonio Metropolitan Health District.

On January 2, 2014, CDC released the Provider, Education, Assessment, and Reporting system (PEAR). The system was developed to collect, report, and provide compliance oversight with VFC requirements and recommendations found in the provider agreement, the VFC site visit questionnaire, the Storage and Handling Toolkit, and the VFC Operations Guide. This system allows on-site reviewers to assess whether a provider has the capacity to order, receive, and properly maintain vaccines provided by the VFC program. Since PEAR is a web-based program, site visit reviewers will complete the online questionnaire and submit a completed questionnaire while on site. Additionally, each completed site visit tool will immediately be available for review by other PEAR users, such as DSHS and local health department staff. Based on questionnaire responses, the system will trigger any prescribed follow-up actions for that specific provider. All site reviews conducted on TVFC providers will be required to be entered into the PEAR.

The PEAR was introduced to local health department and DSHS regional immunization program staff during a local health department vaccine services training on January 21-23, 2014. A subsequent webinar to provide additional training is planned for February 2014. DSHS will run a weekly PEAR report to identify the number of TVFC compliance visits conducted by TMF and each local health department. DSHS will review all completed site visits to ensure that appropriate actions were taken, as indicated by PEAR.

Implementation Dates:

- *Initial PEAR Introduction to DSHS Regional Immunization Program and Local Health Department staff – January 21-23, 2014*
- *Request official CDC guidance on oversight responsibility for providers within the City of Houston and San Antonio Metropolitan Health District – February 7, 2014*
- *PEAR webinar training to DSHS Regional Immunization Program, Local Health Department, and Quality Assurance contractor staff – February 28, 2014*
- *Fully implement use of the PEAR for TVFC provider site reviews – April 1, 2014*

Responsible Person: Saroj Rai, Ph.D.

STATE HEALTH SERVICES, DEPARTMENT OF

Reference No. 2013-027

Allowable Costs/Cost Principles

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

Award years – January 1, 2012 to September 30, 2013 and October 1, 2012 to September 30, 2013

Award numbers – 6TX700526 and 6TX700506

CFDA 93.268 – Immunization Cooperative Agreements

Award years – January 1, 2013 to December 31, 2013 and January 1, 2012 to December 31, 2012

Award numbers – 1H23IP000773-01 and 5H23IP622571-10

CFDA 93.959 – Block Grants for Prevention and Treatment of Substance Abuse

Award years – October 1, 2012 to September 30, 2014, October 1, 2011 to September 30, 2013, and October 1, 2010 to September 30, 2012

Award number – 2B08TI010051-13, 2B08TI010051-12, and 2B08TI010051-11

Non-Major Programs:

10.475 Cooperative Agreements with State for Intrastate Meat and Poultry Inspection

10.579 Child Nutrition Discretionary Grants Limited Availability

66.001 Air Pollution Control Program Support

66.032 State Indoor Radon Grants

66.034 Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act

66.701 Toxic Substances Compliance Monitoring Cooperative Agreements

66.707 TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals

93.018 Strengthening Public Health Services at the Outreach Offices of the U.S.-Mexico Border Health Commission

93.069 Public Health Emergency Preparedness

93.103 Food and Drug Administration_Research

93.110 Maternal and Child Health Federal Consolidated Programs

93.116 Project Grants and Cooperative Agreements for Tuberculosis Control Programs

93.130 Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices

93.136 Injury Prevention and Control Research and State and Community Based Programs

93.150 Projects for Assistance in Transition from Homelessness

93.217 Family Planning_Services

93.235 Affordable Care Act (ACA) Abstinence Education Program

93.240 State Capacity Building

93.243 Substance Abuse and Mental Health Services_Projects of Regional and National Significance

93.251 Universal Newborn Hearing Screening

93.262 Occupational Safety and Health Program

93.283 The Affordable Care Act: Centers for Disease Control and Prevention_Investigations and Technical Assistance

93.448 Food Safety and Security Monitoring Project

93.507 PPHF 2012 National Public Health Improvement Initiative

93.521 The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF

93.523 The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public Health Fund Activities

93.531 PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants

93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare

93.889 National Bioterrorism Hospital Preparedness Program

93.917 HIV Care Formula Grants

93.940 HIV Prevention Activities_Health Department Based

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

93.945 Assistance Programs for Chronic Disease Prevention and Control

93.958 Block Grants for Community Mental Health Services

93.977 Preventive Health Services_Sexually Transmitted Diseases Control Grants

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

93.994 Maternal and Child Health Services Block Grant to the States

Type of finding – Significant Deficiency

STATE HEALTH SERVICES, DEPARTMENT OF

OMB A-87 section H – Support of Salaries and Wages sets standards regarding time distribution, in addition to the standards for payroll documentation. These standards include:

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

1. Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.
2. No further documentation is required for the salaries and wages of employees who work in a single indirect cost activity.
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.
4. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:
 - a) More than one Federal award,
 - b) A Federal award and a non-Federal award,
 - c) An indirect cost activity and a direct cost activity,
 - d) Two or more indirect activities which are allocated using different allocation bases, or
 - e) An unallowable activity and a direct or indirect cost activity.
5. Personnel activity reports or equivalent documentation must meet the following standards:
 - a) They must reflect an after-the-fact distribution of the actual activity of each employee,
 - b) They must account for the total activities, for which each employee is compensated,
 - c) They must be prepared at least monthly and must coincide with one or more pay periods, and
 - d) They must be signed by the employee.
 - e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:
 - i. The governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed;
 - ii. At least quarterly, comparisons of actual costs to budgeted distributions, based on the monthly activity reports are made. 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; and
 - iii. The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.

Budget to Actual Costs

Department of State Health Services (DSHS) requires its employees to complete monthly time and effort reporting, regardless of whether the employee works solely on a single Federal award or cost objective, or on multiple activities or cost objectives. Each employee has a default task profile based on their position in the agency that determines how their payroll dollars are allocated. These task profiles are re-evaluated every year by department supervisors. Employees are instructed and given training on how to report any deviations from their profile as well as report any vacation time, sick time, leave of absence, etc. Employees are required to certify their time by the fifteenth of the month for the previous month's time. Supervisors approve monthly payroll for their employees only if there are deviations from the employee task profile.

Forty payroll samples under the Block Grants for Prevention and Treatment of Substance Abuse Program were selected for test work. There were none in our sample that deviated from their task profile for regular hours worked (i.e., excludes deviated time for vacation, sick time, etc) and furthermore, none that could be provided for the entire program that deviated from their task profile for regular hours worked. Additionally, after talking with some of the individuals in our sample, it does not appear that there is consistency regarding individuals' knowledge of what their task profiles are (i.e., from what funding source(s) they are getting paid), where to find this in the payroll reporting system, or how to go about reporting a deviation of their time from their profiles for regular hours worked. In addition, when an employee certifies, they simply report any hours that deviated from their profile, but their profile is not shown on the certification screen. Therefore, if an employee does not know how their time is being allocated based on their default profile, and it is not evident and easy to find when they are certifying their time, there is risk that individuals do not know the time allocation that they are certifying. Total payroll expenditures for the DSHS programs noted above and included in the schedule of federal awards for fiscal year 2013 is approximately \$45.7 million.

Employee signature of Personnel activity reports

Two sample items of the forty retired during fiscal year 2013. Their final timesheet was not certified by the employee, instead their supervisor signed on their behalf.

Recommendation:

DSHS should consider having each employee's profile visible on the certification screen so employees can see the time allocation they are certifying to. Additionally, there needs to be consideration for regular training on the payroll effort system to include how to report deviations from an employee's task profile for regular hours worked including how to use different program codes and find their task profile.

DSHS should have a policy where employees who are retiring or have been terminated should certify their final timesheet as part of their exit from DSHS.

Management Response and Corrective Action Plan:

The Department of State Health Services (DSHS) agrees with the importance of regular training for employees on the payroll timekeeping system and their labor profiles. The only program in which KPMG identified these issues are the Block Grants for Prevention and Treatment of Substance Abuse. However, to achieve a more consistent reporting of federal funds, improved training will be provided on an on-going basis to all federally funded staff. Recently offered timekeeping training will be modified to more clearly address identification of task profiles, making changes to the default codes, and the use of federal program codes. DSHS has made this available to all employees and will consider making the training mandatory for employees working on federal programs. DSHS is required to use the State's Centralized Accounting and Payroll/Personnel System (CAPPS) application to track and report employee time. Changes to this application are a function of the State Comptroller's Office. DSHS will submit a request to make each employee's default profile more visible in certain areas of the system.

CAPPS currently has a Separation Checklist available for supervisors when employees are leaving the agency. DSHS will submit a request on amending this checklist to include certifying of employees timesheets during the exit process.

Current DSHS Policy FS-1110, Time and Labor Accounting is currently being updated. This policy does address certifying employee's time when leaving the agency. However, updates to this policy will more clearly address terminated and retiring employees on certifying their final timesheets as part of exiting from the agency.

Implementation Date: August 31, 2014

Responsible Person: Gary Lawrence

STATE HEALTH SERVICES, DEPARTMENT OF

Reference No. 2013-028

Matching, Level of Effort, Earmarking

CFDA 93.959 – Block Grants for Prevention and Treatment of Substance Abuse

Award year – October 1, 2010 to September 30, 2012

Award number – 2B08TI010051-11

Type of finding – Non-Compliance

The State shall, for each fiscal year, maintain aggregate State expenditures for authorized activities by the principal agency, at a level that is not less than the average level of such expenditures maintained by the State for the two State fiscal years preceding the fiscal year for which the State is applying for the grant. The “principal agency” is defined as the single State agency responsible for planning, carrying out and evaluating activities to prevent and treat SA and related activities. The Secretary may exclude from the aggregate State expenditures, funds appropriated to the principal agency for authorized activities, which are of a non-recurring nature and for a specific purpose (42 USC 300x-30; 45 CFR sections 96.121 and 96.134; and *Federal Register*, July 6, 2001 (66FR 35658) and November 23, 2001 (66 FR 58746-58747) as specified in II, “Program Procedures – Availability of Other Program Information”).

Questioned Cost:	\$168,000
U.S. Department of Health and Human Services	

The award ending September 30, 2012 closed during fiscal year 2013. The Department of State Health and Services (DSHS) was aware that the maintenance of effort (MOE) was short of the requirement for this grant year by approximately \$168,000. Further, DSHS reported the actual final MOE amount in the December 2013 Grant Application, and DSHS plans to apply for a Material Compliance Exemption since the amount of the shortfall was under 3% of the requirement. The State is waiting on final approval of the new Grant Application, which will allow them to file for the exemption. There were no compliance exceptions noted with the allowability of these State expenditures.

Recommendation:

DSHS should continue their current plan of obtaining Material Compliance Exemption from the federal government for the MOE shortfall for the award ending September 30, 2012. In addition, DSHS should monitor their future grants to ensure the appropriate MOE is obtained.

Management Response and Corrective Action Plan:

Management agrees with the recommendation. To enhance the compliance function, a monitoring function will be established to periodically review expenditures and project a year-end MOE calculation to identify any potential shortfall.

Implementation Date: March 31, 2014

Responsible Person: Paul Henry

STATE HEALTH SERVICES, DEPARTMENT OF

Reference No. 2013-029

**Matching, Level of Effort, Earmarking
Subrecipient Monitoring**

CFDA 93.667 – Social Services Block Grant

Award year – October 1, 2012 to September 30, 2014

Award number – G1301TXS0SR

Type of finding – Significant Deficiency and Non-Compliance

A State may transfer up to ten percent of the combined total of the State family assistance grant, supplemental grant for population increases, and bonus funds for high performance and illegitimacy reduction, if any, (all part of Temporary Assistance for Needy Families (TANF), CFDA 93.558) for a given fiscal year to carry out programs under Social Services Block Grant (SSBG). Such amounts may be used only for programs and services to children, or their families whose income is less than two hundred percent of the poverty level (42 USC 604(d)(3)(A) and 9902(2)).

Questioned Cost:	\$0
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U.S. Department of Health and Human Services	
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Health and Human Service Commission (HHSC) passed through approximately \$26.6 million of Social Services Block Grant funding to the Department of State Health Services (DSHS). Of this \$26.6 million, approximately \$18.6 million originated from TANF funding at HHSC.

The TANF to SSBG funding from HHSC was spent on various programs at DSHS. The services provided by these programs fall under allowable costs for SSBG. Additionally, either all the participants, or a sufficient percentage compared to the overall percentage of TANF to SSBG funding for the programs, appear to meet the income eligibility requirements based on information provided by the subrecipients to DSHS. Similarly, either all or a sufficient percentage of the recipients receiving the care, are children or children’s families. However, there is not a formalized process in place to document how these requirements were met, and no monitoring of these entities for the specific use of the TANF to SSBG funds to ensure the participants are eligible. For example, the largest percentage of these funds went to community centers for mental health services for children and adults. However, while there is monitoring of the financial data for these centers, there is no other monitoring of allowable costs or review of income verification for the families.

Recommendation:

DSHS should enhance its monitoring of the centers and local health departments that receive TANF to SSBG funds to include review of income documentation and other eligibility requirements for these funds. Additionally, DSHS should have a formal method of showing that a sufficient amount of participants in each of the programs meet the eligibility requirements.

Management Response:

Management agrees with the recommendation. To enhance compliance, a monitoring function will be established to periodically review income documentation and other eligibility requirements for these funds. The review will include a review to determine that a sufficient amount of participants in each of the programs meet the eligibility requirements.

Implementation Date: September 2014

Responsible Person: Michael Maples

Texas Education Agency

Reference No. 2013-030

Cash Management

Matching, Level of Effort, and Earmarking

Reporting

Eligibility for Subrecipients

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

Special Tests and Provisions – Developing and Implementing Improvement Plans

(Prior Audit Issues – 13-20, 12-26, 11-36 and 10-63)

CFDA 84.048 – Career & Technical Education – Basic Grants to States

Award years – July 1, 2012 to September 30, 2014 and July 1, 2011 to September 30, 2013

Award numbers – V048A120043 and V048A110043

CFDA 84.287 – Twenty-First Century Community Learning Centers

Award years – July 1, 2012 to September 30, 2014, July 1, 2011 to September 30, 2013, and July 1, 2010 to September 30, 2012

Award numbers – S287C120044, S287C110044, and S287C100044

CFDA 84.365 – English Language Acquisition State Grants

Award years – July 1, 2012 to September 30, 2014 and July 1, 2011 to September 30, 2013

Award numbers – S365A120043 and S365A110043

CFDA 84.367 – Improving Teacher Quality State Grants

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

Award numbers – S367A110041, S367A100043, and S367A090041

Title I – Part A Cluster

Award years – July 1, 2012 to September 30, 2014 and July 1, 2011 to September 30, 2013

Award numbers – S010A120043 and S010A110043A

Title I – Part A Cluster – ARRA

Award year – February 17, 2009 to September 30, 2011

Award number – S389A090043A

Special Education Cluster (IDEA)

Award years – July 1, 2012 to September 30, 2014, July 1, 2012 to September 30, 2014, July 1, 2011 to September 30, 2013, and July 1, 2011 to September 30, 2013

Award numbers – H173A120004, H027A120008, H173A110004, and H027A110008

School Improvement Grants Cluster

Award years – July 1, 2012 to September 30, 2014, July 1, 2010 to September 30, 2013, July 1, 2009 to September 30, 2013, and July 1, 2008 to September 30, 2013

Award numbers – S377A120044, S377A100044, S377A090044, and S377A080044

School Improvement Grants Cluster – ARRA

Award year – February 17, 2009 to September 30, 2013

Award number – S388A090044

Type of finding – Significant Deficiency

The collection of Public Education Information Management System (PEIMS) data is required of all school districts by TEC §42.006. The *Data Standards* provides instructions regarding the submission of PEIMS data from a Local Education Agency (LEA) to the Texas Education Agency (TEA). The LEA is responsible for reporting federal, state, and local funds expended through PEIMS, along with various types of demographic data, and students served. Two developers have access to the PEIMS production application environment through their own user IDs. Access to migrate changes to the production environment should be restricted appropriately based on job function to help ensure adequate internal controls are in place and appropriate

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

segregation of duties exist. A developer with access to migrate changes on any production system introduces the risk of unauthorized changes to applications and data. Additionally, developer access to move their own code changes into production increases the risk that unauthorized changes to application functionality have been deployed into the production environment. In general, programmers should not have access to migrate changes to the production environment. In addition, a periodic review at the application level, and all administrative access accounts (both user and generic) including those with knowledge of the passwords, was not performed to identify and review users and groups with access to PEIMS for appropriateness during fiscal year 2013.

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

Recommendation:

TEA should conduct a review of access, including all applications, and administrative access accounts owned by TEA including knowledge of their passwords, to identify potential situations of inappropriate segregation of duties. TEA policies regarding access should govern the review process. TEA should properly segregate duties so that developers do not have access to production, or if developers are determined to need access to production, adequate monitoring controls should be in place.

Management Response and Corrective Action Plan:

TEA agrees with the PEIMS finding noted during testing of Change Management. We take this finding extremely serious and will work to implement controls to limit future access. In an effort to address and resolve this finding we have created the following action plan:

- *Corrective Action Plan 1: Conduct a review of PEIMS access including applications and administrative access accounts owned by TEA.*
- *Corrective Action Plan 2: Re-communicate the Change Management Purpose, process, and compliance requirements to TEA staff and Vendors.*
- *Corrective Action Plan 3: Implement Access Tracking Utility that will log (date/time stamp) all access to databases, including code changes.*
- *Corrective Action Plan 4: Implement Access Tracking Mgmt Review Utility that documents periodic review of access & changes, for Management Review/Approval.*

*Implementation Dates: Corrective Action Plan 1: March 30, 2014
 Corrective Action Plan 2: March 30, 2014
 Corrective Action Plan 3: December 31, 2014 or sooner if possible
 Corrective Action Plan 4: December 31, 2014 or sooner if possible*

Responsible Person: Melody Parrish

Reference No. 2013-031

Cash Management

Matching, Level of Effort, Earmarking

Maintenance of Effort (MOE) for Subrecipients

Period of Availability of Federal Funds

Reporting

Subrecipient Monitoring

Special Tests and Provisions – ARRA

Special Tests and Provisions – Developing and Implementing Improvement Plans

CFDA 84.048 – Career & Technical Education – Basic Grants to States

Award years – July 1, 2012 to September 30, 2014 and July 1, 2011 to September 30, 2013

Award numbers – V048A120043 and V048A110043

CFDA 84.287 – Twenty-First Century Community Learning Centers

Award years – July 1, 2012 to September 30, 2014, July 1, 2011 to September 30, 2013, and July 1, 2010 to September 30, 2012

Award numbers – S287C120044, S287C110044, and S287C100044

CFDA 84.365 – English Language Acquisition State Grants

Award years – July 1, 2012 to September 30, 2014 and July 1, 2011 to September 30, 2013

Award numbers – S365A120043 and S365A110043

CFDA 84.367 – Improving Teacher Quality State Grants

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

Award numbers – S367A110041, S367A100043, and S367A090041

Title I – Part A Cluster

Award years – July 1, 2012 to September 30, 2014 and July 1, 2011 to September 30, 2013

Award numbers – S010A120043 and S010A110043A

Title I – Part A Cluster – ARRA

Award year – February 17, 2009 to September 30, 2011

Award number – S389A090043A

Special Education Cluster (IDEA)

Award years – July 1, 2012 to September 30, 2014, July 1, 2012 to September 30, 2014, July 1, 2011 to September 30, 2013, and July 1, 2011 to September 30, 2013

Award numbers – H173A120004, H027A120008, H173A110004, and H027A110008

School Improvement Grants Cluster

Award years – July 1, 2012 to September 30, 2014, July 1, 2010 to September 30, 2013, July 1, 2009 to September 30, 2013, and July 1, 2008 to September 30, 2013

Award numbers – S377A120044, S377A100044, S377A090044, and S377A080044

School Improvement Grants Cluster – ARRA

Award year – February 17, 2009 to September 30, 2013

Award number – S388A090044

Type of finding – Significant Deficiency

The Texas Education Agency (TEA) utilizes the Integrated Statewide Accounting System (ISAS) for its general ledger. Four developers have access to the ISAS production database environment through one user ID. Access to migrate changes to the production environment should be restricted appropriately, based on job function, to help ensure adequate internal controls are in place and appropriate segregation of duties exist. A developer with access to migrate changes on any production system introduces the risk of unauthorized changes to applications and data. Additionally, developer access to move their own code changes into production increases the risk that unauthorized changes to application functionality have been deployed into the production environment. In general, programmers should not have access to migrate changes to the production environment. In addition, a periodic review at the application level was performed by TEA to identify and review

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

users and groups with access to ISAS for appropriateness during fiscal year 2013. TEA does not perform a periodic review of administrative access accounts (both user and generic) including those with knowledge of the passwords at the server or database level.

TEA uses information produced from ISAS for compliance with applicable compliance requirements under various components of Cash Management, Eligibility for Subrecipients, Matching, Level of Effort, and Earmarking, Period of Availability, Reporting, Subrecipient Monitoring, and certain Special Tests and Provisions. No compliance exceptions were noted with regard to the use of ISAS data in the analysis related to the applicable compliance requirements.

Recommendation:

TEA should conduct a review of access, including the knowledge of passwords to all administrative access accounts owned by TEA, to identify potential situations of inappropriate segregation of duties. TEA policies regarding access should govern the review process. TEA should properly segregate duties so that developers do not have access to production, or if developers are determined to need access to production, adequate monitoring controls should be in place.

Management Response and Corrective Action Plan:

TEA agrees with the ISAS finding noted during testing of Change Management. We take this finding extremely serious and will work to implement controls to limit future access. In an effort to address and resolve this finding we have created the following action plan:

- *Corrective Action Plan 1: Conduct a review of ISAS access including the knowledge of passwords to all administrative access accounts owned by TEA.*
- *Corrective Action Plan 2: Re-communicate the Change Management Purpose, process, and compliance requirements to TEA staff and Vendors.*
- *Corrective Action Plan 3: Implement Access Tracking Utility that will log (date/time stamp) all access to databases, including code changes.*
- *Corrective Action Plan 4: Implement Access Tracking Mgmt Review Utility that documents periodic review of access & changes, for Management Review/Approval, and implement a code migration control tool.*

*Implementation Dates: Corrective Action Plan 1: March 30, 2014
 Corrective Action Plan 2: March 30, 2014
 Corrective Action Plan 3: December 31, 2014 or sooner if possible
 Corrective Action Plan 4: December 31, 2014 or sooner if possible*

Responsible Person: Melody Parrish

Texas Higher Education Coordinating Board

Reference No. 2013-032

**Reporting
Subrecipient Monitoring**

CFDA 84.048 – Career and Technical Education – Basic Grants to States
Award year – July 1, 2012 to September 30, 2014 and July 1, 2011 to September 30, 2013
Award number – V048A120043 and V048A110043
Type of finding – Significant Deficiency

The Texas Higher Education Coordinating Board (THECB) utilizes the Education Data Center (EDC) system to interface with the subrecipients and to accept and process data submitted by public community and technical colleges. One developer has knowledge of the passwords to four service accounts with administrative access on the EDC server. This level of access allows the user to migrate changes to production, resulting in inappropriate developer access to production. The EDC server supports the edit checking and data load process that occurs. Access to migrate changes to the production environment should be restricted appropriately based on job function to help ensure adequate internal controls are in place and appropriate segregation of duties exist. In general, programmers should not have access to migrate changes to the production environment.

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

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

Recommendation:

THECB information technology department (IT) should conduct a baseline review of access including the knowledge of passwords to all administrative access accounts owned by THECB IT to identify potential situations of inadequate segregation of duties. THECB IT security policies should be utilized to address any potential situations identified. THECB should properly segregate duties so that developers do not have access to production, or if developers are determined to need access to production, adequate monitoring controls should be in place. In addition, THECB IT should review their process for distributing and updating passwords to generic administrative access accounts and determine if adequate controls are in place.

Management Response and Corrective Action Plan:

The Board agrees with the recommendations and has assigned the appropriate corrective action summarized below:

THECB Information Solutions & Services (ISS) department has performed a detailed analysis of the EDC server procedures referenced and will perform a baseline review of all administrative access accounts, including the knowledge of passwords, to identify potential situations of inadequate segregation of duties. A new, restricted account will be created with the operator privileges necessary for the developers in question to be able to support and troubleshoot the EDC application. Existing monitoring controls will be reviewed and procedures for distribution and review of changes will be enhanced to provide additional integrity controls over the referenced server application. ISS will review the process for distributing and updating passwords to service accounts and will implement enhancements to existing service account controls. Compensating controls will be enhanced to provide additional assurance that change management control objectives are enforced for the referenced application

Implementation Date: June 2014

Responsible Person: John House

Texas Workforce Commission

Reference No. 2013-033

Matching, Level of Effort, Earmarking

Reporting

Special Tests and Provisions – Penalty for Failure to Comply with Work Verification Plan

CFDA 17.225 – Unemployment Insurance

Award years – July 1, 2013 to June 30, 2014 and July 1, 2012 to June 30, 2013

Award numbers – UI-22342-12-55-A-48 and UI-21128-11-55-A-48

WIA Cluster

Award years – April 1, 2012 to June 30, 2015 and April 1, 2011 to June 30, 2014

Award numbers – AA-22964-12-55-A-48 and AA-21424-11-55-A-48

TANF Cluster

Award years – October 1, 2012 to September 30, 2013 October 1, 2011 to September 30, 2012

Award numbers – G1302TXTAN3, G1302TXTANF, and G1202TXTANF

Type of finding – Significant Deficiency

The Texas Workforce Commission (TWC) utilizes the Texas Workforce Information System of Texas (TWIST) to manage subrecipient data. Eleven developers have access to the TWIST database through two generic accounts giving them the ability to promote changes to production. Three of the twenty-five changes sampled for change management review appear to be coded and migrated by a developer. Access to migrate changes to the production environment should be restricted appropriately based on job function to help ensure adequate internal controls are in place and appropriate segregation of duties exist. A developer with access to migrate changes on any production system introduces the risk of unauthorized changes to applications and data. Additionally, developer access to move their own code changes into production increases the risk that unauthorized changes to application functionality have been deployed into the production environment. In general, programmers should not have access to migrate changes to the production environment. In addition, a periodic review was not performed to identify and review users and groups with access to TWIST for appropriateness during fiscal year 2013.

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

No compliance exceptions were noted related to test work for the major programs and respective compliance requirements that rely on the TWIST database. These areas are:

- WIA Cluster – Low income youth earmarking
- TANF Cluster – TANF 199 report and Special Tests and Provisions – Penalty for Failure to Comply with Work Verification Plan
- Unemployment Insurance – Trade Act Participant Report (TARP)

Recommendation:

TWC has limited information technology personnel with the necessary skills to both support and develop changes to the system; therefore, the development group is responsible for both activities within the TWIST database. TWC should consider the segregation of access, such that all individuals with the ability to migrate code changes can no longer modify the change log in the database. TWC could then implement procedures to monitor the change log for any unauthorized migrations. Additionally, TWC should perform a periodic access review of existing user accounts on all applications and databases.

Management Response and Corrective Action Plan:

Management agrees with the recommendations for the TWIST application. TWC will implement segregation of access such that all individuals with the ability to migrate code changes can no longer modify the change log and

TEXAS WORKFORCE COMMISSION

TWC will implement procedures to monitor the change log for unauthorized migrations. TWC currently monitors for the termination of access to automated systems for employees no longer employed by the agency or the local workforce boards and their contractors. TWC will implement periodic access reviews of existing user accounts and database access for the TWIST system.

Implementation Date: February 28, 2014 for segregation of duties and May 31, 2014 for periodic access reviews

Responsible Person: Dee Meador

Reference No. 2013-034

Special Tests and Provisions – Penalty for Refusal to Work

TANF Cluster

Award years – October 1, 2012 to September 30, 2013 and October 1, 2011 to September 30, 2012

Award numbers – G1302TXTAN3, G1302TXTANF, and G1202TXTANF

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:	\$271
U.S. Department of Health and Human Services	

The Health and Human Services Commission (HHSC) works with the Texas Workforce Commission (TWC) to administer the program at the Texas Local Workforce Development Boards. TWC’s role is to transmit information from the Texas Local Workforce Development Boards to HHSC who imposes the sanctions.

A sample of forty beneficiaries who should have had their benefits reduced was selected for review. Our review noted for one case, benefits were not reduced timely by one month. This resulted in an overpayment of \$271. The Texas Local Workforce Development Board did not report the sanction timely to TWC.

Recommendation:

TWC should follow their procedures to initiate sanctions within seven days of the non-cooperation date to allow the sanction to be imposed timely.

Management Response and Corrective Action Plan:

TWC agrees with the finding noted. Section B-800 of the Choices Guide provides instructions on the timely initiation of sanctions. Currently staff from Workforce Policy and Program Assistance conduct quarterly quality assurance reviews of Texas Local Workforce Development Boards, including a Choices timely sanction review. The sanction review includes whether a timely and reasonable attempt was conducted, whether the participant had good cause for the lack of participation, if a sanction was imposed timely and finally whether the sanction was appropriate. The results of these reviews are discussed with the Texas Local Workforce Development Boards and technical assistance is provided if warranted. The results of the quarterly reviews is also provided to the TWC Subrecipient Monitoring Department who may conduct a review of sanctions during the Texas Local Workforce

TEXAS WORKFORCE COMMISSION

Development Boards' annual monitoring if warranted. These quality assurance reviews will continue in order to ensure compliance with the guidance issued regarding timely initiation of sanctions.

Implementation Date: Ongoing

Responsible Persons: Reagan Miller and Laurie Biscoe

Section 3b:

Federal Award Findings and Questioned Costs – Other Auditors

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

Lamar Institute of Technology

Reference No. 2013-101

Eligibility

(Prior Audit Issue 11-101)

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A128695; CFDA 84.033, Federal Work-Study Program, P033A128695; CFDA 84.063, Federal Pell Grant Program, P063P125265; and CFDA 84.268, Federal Direct Student Loans, P268K135265

Type of finding – Significant Deficiency and Non-Compliance

Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student’s cost of attendance (COA) minus the expected family contribution (EFC) (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087kk). The phrase “cost of attendance” refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

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

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student’s Institutional Student Information Record (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student’s financial need (Title 34, Code of Federal Regulations (CFR), Sections 668.2 and 673.5).

A full-time student is defined as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. For an undergraduate student, an institution’s minimum standard must equal or exceed 12 semester hours. A half-time student is defined as an enrolled student who is carrying a half-time academic workload, as determined by the institution, which amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student (Title 34, CFR, Section 668.2).

Lamar Institute of Technology (Institute) established different COA budgets for students based on living status (off campus and with parents) and term enrollment (full-time, half-time, three-quarter time, and less than half-time). The Institute budgets students at full-time anticipated enrollment for Fall and Spring. For Summer, it budgets students using a Summer budget if students request financial assistance for the Summer. At the census date of each semester, the Institute manually adjusts students’ COA budgets based on actual enrollment.

For 5 (8 percent) of 60 students tested, the Institute calculated COA incorrectly. Specifically:

- For three students, the Institute did not adjust the students’ COA budgets at the census date to match their actual enrollment. As a result, the students’ COA budgets were each understated by amounts ranging from \$606 to \$1,258.

- For one student, the Institute incorrectly budgeted the student's COA for Summer 2013. The Institute manually adjusted the student's COA at the census date; however, the adjustment was incorrect. As a result, the student's COA budget was overstated by \$35.
- For one student, the Institute incorrectly budgeted the student's COA for Spring 2013. The student was ineligible for assistance in Fall 2012. When the student regained eligibility for assistance in Spring 2013, the Institute applied a budget for Spring only; however, it used incorrect amounts for tuition, fees, and books. As a result, the student's budget was understated by \$303.

The above errors were related to the Institute's manual process of adjusting COA. The errors did not result in overawards for those students; however, by incorrectly calculating COA, the Institute increases the risk of overawarding or underawarding financial assistance to students.

General Controls

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

The Institute did not maintain adequate user access controls to its Banner student financial assistance application and its operating environment. Specifically, three third-party contractor database administrators (DBAs) did not have individual server accounts and, instead, they used a shared generic administrator account to authenticate to the Banner production servers. In addition, three Lamar University DBAs and three third-party contractor DBAs used two generic database accounts, which are administrative accounts required by the Oracle database, when performing administrative tasks on the Banner production database. Section 4.7 (Privileged Roles) of the Institute's Information Security Policies does not adequately address the sharing of administrative access accounts among users or the documentation of exemptions for generic administrative accounts that are required by the information technology systems. Sharing generic, administrative accounts reduces accountability by removing the ability to identify and log the individual users who access systems.

The Institute also did not periodically review administrative access to its network and user access to the Banner application, the Banner database, and the Banner servers to determine the appropriateness of users' access based on their job responsibilities. Section 4.4 (Owner Responsibilities) of the Institute's Information Security Policy does not adequately address the periodic review of user access to the information technology systems. Not periodically reviewing user access increases the risk of inappropriate access to critical applications and their associated databases and servers.

Additionally, the Institute did not configure password settings for the Banner application and the Banner database in accordance with its password policy. Not adhering to the Institute's password policy could result in unauthorized access or alteration to critical applications and data.

Recommendations:

The Institute should:

- Correctly and consistently apply and adjust COA budgets for all students.
- Establish individual administrative accounts for its internal and external administrators and ensure that those individuals use those accounts when accessing production database and servers.
- Strengthen its information security policies by addressing the use of shared generic account, requiring documentation for all exemptions to the policy, and requiring the periodic review of user access to critical applications and their associated databases and servers.
- Periodically review user access to its network, the Banner application, the Banner database, and the Banner servers, and document those reviews.
- Configure password settings for the Banner application and the Banner database in accordance with the Institute's password policy.

Management Response and Corrective Action Plan:

Cost of Attendance

Management concurs with the findings associated with determining accurate Cost of Attendance budgets for student financial aid applicants. Efforts will be made to correctly and consistently apply and adjust COA Budgets for all students. It should be noted that issues associated with incorrect COA Budgets result from the manual nature of the methodology involved in identifying students with changing enrollment levels within a term, inconsistent application of adjustments when dealing with student records requiring mixed budgets (enrollment differs from one term to the next), and simple human error in the case of a \$35 books/supplies cost element. Because initial COA budgets are assigned on the presumption of expected enrollment at full-time, all students not enrolling for a full time load must be identified for the purpose of review and adjustment to ensure that COA is ultimately assigned to match actual enrollment levels for all students.

Management will work to create a viable query system designed to identify financial aid applicants not enrolling for a full-time load during a given semester. This query will be run immediately following census and will be used to select student records in need of review and subsequent adjustment. Budgets will be adjusted to ensure that elements for tuition & fees, room & board, books & supplies, transportation and personal/miscellaneous costs are assigned based on established COA budgets for the actual enrollment level of each student. This query/review/adjustment protocol will be run after census date for each semester. Review in subsequent semesters will also be used to compare enrollment levels and budget assignments from term to term. Problems associated with the use of mixed budgets for students will be addressed by the Director and Financial Aid Coordinator. Research will be conducted to ensure that the "mixed budget" feature within the Banner Financial Aid module is functioning properly, and to determine if this feature can be better utilized. A uniform process will be defined to ensure that the use of the mixed budget feature is used when appropriate and in a consistent manner with accurate results.

Implementation Date: March 1, 2014

Responsible Person: Lisa Schroeder

General Controls

Management concurs with findings associated with maintaining adequate user access controls to it Banner student assistance application and its operating environment.

Review of existing access accounts will be performed on an annual basis for users in the Banner Financial Aid Module, database, and servers. Financial Aid Director will request printed documentation to review administrative access account assignments for both internal and external administrators to ensure those individuals have obtained individually assigned accounts for use when accessing the database and/or servers to perform duties associated with functions related to inquiries and assistance, administration, troubleshooting, and reporting functions associated with student financial aid. A report will be requested by the director to review utilization of any existing generic access accounts, users with knowledge and access to such accounts, and justification of need for this type of access. A subsequent report will be required to demonstrate elimination or restricted access of generic accounts ensuring the security policies related to this practice have strengthened and enforced. Director will request review and update of password settings, to ensure the institution password policy has been followed.

Implementation Date: March 1, 2014

Responsible Person: Lisa Schroeder

Reference No. 2013-102

Special Tests and Provisions – Verification

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P125265; CFDA 84.007, Federal Supplemental Educational Opportunity Grant, P007A128695; CFDA 84.268, Federal Direct Student Loans, P268K135265; and CFDA 84.033, Federal Work-Study Program, P033A128695

Type of finding – Material Weakness and Material Non-Compliance

Verification of Applications

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income (AGI), U.S. income taxes paid, child support paid, food stamps, education credits, IRA deductions, and other untaxed income (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56 and *Federal Register* Volume 76, Number 134). When the verification of an applicant’s eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the student’s FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant’s financial aid package on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR). For the Federal Pell Grant Program, if an applicant’s FAFSA information changes as a result of verification, an institution must recalculate the applicant’s Federal Pell Grant on the basis of the EFC on the corrected ISIR and disburse any additional funds under that award (Title 34, CFR, Section 668.59).

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

For 20 (33 percent) of 60 students tested, Lamar Institute of Technology (Institute) did not accurately verify all required information in student financial assistance applications and did not always correct student ISIR information when required. Specifically:

- For 1 (2 percent) of 60 students tested, the Institute did not ensure that the number of household members enrolled in post-secondary education reported on the student’s application was adequately supported.
- For 3 (20 percent) of the 15 students who received food stamps, the Institute did not accurately verify that the students received food stamps.
- For 16 (27 percent) of 59 students who reported tax-related verification items, the Institute did not accurately verify the students’ applications. Auditors identified application errors in education credits, income tax paid, AGI, and untaxed pensions.

According to the Institute, the errors occurred because of errors in manual processing during verification. In addition, the process the Institute uses to monitor verification addresses only corrections it makes to a student’s ISIR and does not assess the overall quality of the verifications performed.

For the 20 students discussed above, the Institute did not initially correct the students’ ISIRs to reflect the accurate information at the time of verification. As a result:

- For 7 students, the errors resulted in overawards of federal Pell Grant funds totaling \$2,475 associated with award number P063P125265.
- For 4 students, the errors resulted in underawards of federal Pell Grant funds totaling \$837 associated with award number P063P125265.
- For 9 students, the errors related to non-dollar items or did not result in a change to the students’ EFC or awards.

When auditors brought the errors to the Institute’s attention, it requested updated ISIRs and/or adjusted the students’ awards; therefore, there were no questioned costs.

Not properly verifying FAFSA information can result in the Institute overawarding or underawarding student federal financial assistance.

General Controls

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

The Institute did not maintain adequate user access controls to its Banner student financial assistance application and its operating environment. Specifically, three third-party contractor database administrators (DBAs) did not have individual server accounts and, instead, they used a shared generic administrator account to authenticate to the Banner production servers. In addition, three Lamar University DBAs and three third-party contractor DBAs used two generic database accounts, which are administrative accounts required by the Oracle database, when performing administrative tasks on the Banner production database. Section 4.7 (Privileged Roles) of the Institute's Information Security Policies does not adequately address the sharing of administrative access accounts among users or the documentation of exemptions for generic administrative accounts that are required by the information technology systems. Sharing generic, administrative accounts reduces accountability by removing the ability to identify and log the individual users who access systems.

The Institute also did not periodically review administrative access to its network and user access to the Banner application, the Banner database, and the Banner servers to determine the appropriateness of users' access based on their job responsibilities. Section 4.4 (Owner Responsibilities) of the Institute's Information Security Policy does not adequately address the periodic review of user access to the information technology systems. Not periodically reviewing user access increases the risk of inappropriate access to critical applications and their associated databases and servers.

Additionally, the Institute did not configure password settings for the Banner application and the Banner database in accordance with its password policy. Not adhering to the Institute's password policy could result in unauthorized access or alteration to critical applications and data.

Recommendations:

The Institute should:

- Accurately verify all required FAFSA information for the students it selects for verification and correct students' applications when required.
- Strengthen the process it uses to monitor the quality of verifications.
- Establish individual administrative accounts for its internal and external administrators and ensure that those individuals use those accounts when accessing production database and servers.
- Strengthen its information security policies by addressing the use of shared generic account, requiring documentation for all exemptions to the policy, and requiring the periodic review of user access to critical applications and their associated databases and servers.
- Periodically review user access to its network, the Banner application, the Banner database, and the Banner servers, and document those reviews.
- Configure password settings for the Banner application and the Banner database in accordance with the Institute's password policy.

Management Response and Corrective Action Plan:

Verification of Applications

Management concurs with issues cited from review of the verification of financial aid records. It is agreed that the need for accuracy and consistency is vitally important. A major factor was a personnel shortage, with one long term

vacancy and the loss of a valued financial aid specialist. There are some conditions that must also be noted, with regard to specific categories. With regard to the number in college issue: the FAFSA reflected 2 in college. The student's sister was to be attending college in San Antonio. At some point health issues caused her to be unable to continue, and with the hardship/stress on the family we were not able to obtain proof of her enrollment to justify leaving both siblings in college. Of the three students whose answer to the SNAP benefits was not "corrected" by the school, 2 of these were already eligible for the Auto Zero EFC by meeting some other criterion; retained their Zero EFC through all transactions with no impact to eligibility. The third student had an initial EFC = 0, which remained unchanged through all transactions with no impact to eligibility. Issues related to tax related verification items presented as we transitioned from utilization of student 1040 forms to the now required Tax Return Transcripts. Reliance on the copied tax returns provided the ease of specified line numbers for required verification elements, whereas review of the Tax Transcript relies on wordy definitions/labels for specific data fields. It was suggested that we might use a provided verification table as a guide to selecting the appropriate items. When forwarding the table, it did not match what the auditors had been using. It was discovered that there had been 3 versions of this table which only served to compound the problem. 10 of the 16 tax related issues were based on selecting the inappropriate Tax Paid line when verifying and making corrections. Unfortunately, in these instances, our consistency actually resulted in greater level of errors in this category.

Previous vacancies in the financial aid office have been filled and efforts to replace another position are underway. Management will establish a verification spreadsheet to become a part of processor desk references to assist with selection of proper tax related items. Training schedules will be established to facilitate training of new staff members and retraining veteran employees as appropriate. Efforts will be made to establish an enhanced verification protocol utilizing additional form(s) within Banner, which will potentially provide useful output and/or exception data resulting in an improved a more detailed review process to reduce errors and inconsistencies.

Implementation Date: March 1, 2014

Responsible Person: Lisa Schroeder

General Controls

Management concurs with findings associated with maintaining adequate user access controls to it Banner student assistance application and its operating environment.

Review of existing access accounts will be performed on an annual basis for users in the Banner Financial Aid Module, database, and servers. Financial Aid Director will request printed documentation to review administrative access account assignments for both internal and external administrators to ensure those individuals have obtained individually assigned accounts for use when accessing the database and/or servers to perform duties associated with functions related to inquiries and assistance, administration, troubleshooting, and reporting functions associated with student financial aid. A report will be requested by the director to review utilization of any existing generic access accounts, users with knowledge and access to such accounts, and justification of need for this type of access. A subsequent report will be required to demonstrate elimination or restricted access of generic accounts ensuring the security policies related to this practice have strengthened and enforced. Director will request review and update of password settings, to ensure the institution password policy has been followed.

Implementation Date: March 1, 2014

Responsible Person: Lisa Schroeder

Lamar State College – Orange

Reference No. 2013-103

Eligibility

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2012

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P124258; CFDA 84.268, Federal Direct Student Loans, P268K134258; CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A127177; and CFDA 84.033, Federal Work-Study Program, P033A127177

Type of finding – Significant Deficiency and Non-Compliance

Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student’s cost of attendance (COA) minus the expected family contribution (EFC) (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087kk). The phrase “cost of attendance” refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

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

A full-time student is defined as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. For an undergraduate student, an institution’s minimum standard must equal or exceed 12 semester hours. A half-time student is defined as an enrolled student who is carrying a half-time academic workload, as determined by the institution, which amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student (Title 34, CFR, Section 668.2).

Lamar State College – Orange (College) established different COA budgets for students enrolled full-time, three-quarter-time, half-time, and less-than-half-time, as required. The College’s financial aid system automatically applies the COA based on its full-time budgets; however, the College manually updates the COA budget for students whose attendance is less than full-time or who are not attending the College for a full academic year.

For 7 (12 percent) of 60 students tested, the College inconsistently or incorrectly calculated the student’s COA. That occurred because of manual errors the University made when adjusting COA for students enrolled less than full-time or enrolled only for a portion of the academic year. None of those students received student financial assistance in excess of their COA or auditor-calculated need; however, incorrectly or inconsistently calculating COA increases the risk that students may be overawarded or underawarded student financial assistance.

Pell Grant Awards

For the federal Pell Grant program, institutions use the payment and disbursement schedules provided each year by the U.S. Department of Education for determining award amounts (Title 34, CFR, Section 690.62). Those schedules provide the maximum annual amount a student would receive for a full academic year for a given enrollment status, EFC, and COA. There are separate schedules for three-quarter-time, half-time, and less-than-half-time students (U.S. Department of Education *2012-2013 Federal Student Aid Handbook*). Additionally, a student’s eligibility for a Pell Grant must first be determined and considered before the student is awarded other assistance such as Direct Subsidized or Direct Unsubsidized loans (Title 34, CFR, Section 685.200).

For 1 (2 percent) of 60 students tested, the College overawarded the student \$694 in Pell Grants associated with award P063P124258 because it did not adjust the award amount when the student withdrew from all courses for the Spring 2013 semester. The College does not have a process to automatically adjust student financial assistance awarded when a student withdraws from courses prior to the beginning of a semester without going through the College’s Registrar’s Office; therefore, the College’s Student Financial Aid Office uses a manual

process to identify and adjust awards for those students. After auditors brought this error to the College’s attention, the College returned the funds to the U.S. Department of Education; therefore, there were no questioned costs.

In addition to affecting Pell Grant awards, errors made in Pell Grant awards may adversely affect awards made under other federal programs, such as Direct Subsidized or Direct Unsubsidized loans.

Recommendations:

The College should:

- Strengthen its process for adjusting COA budgets for students enrolled less than full-time or students enrolled for only a portion of the academic year so that it accurately calculates COA budgets in accordance with its policy.
- Appropriately adjust Pell Grant awards for students who withdraw prior to the beginning of a semester.

Management Response and Corrective Action Plan:

To strengthen the adjusting of COA budgets, all of the appropriate different budgets have been added to the RBRCOMP form in Banner. Financial aid personnel then only have to adjust the student’s individual aid period on the RBAABUD screen. This will eliminate the need for financial aid personnel having to make calculations on individual students.

We have concentrated our efforts to recognize students, who have withdrawn prior to the beginning of each semester. The financial aid office checks the RPEDISB report to locate any students with an award on their account that have withdrawn from the semester before it begins.

Implementation Date: August 2013

Responsible Person: Kerry Olson

Reference No. 2013-104

Special Tests and Provisions – Verification

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P124258 and CFDA 84.268, Federal Direct Student Loans, P268K134258

Type of finding – Non-Compliance

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income (AGI), U.S. income taxes paid, child support paid, food stamps, education credits, IRA deductions, and other untaxed income (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56 and *Federal Register*, Volume 76, Number 134). When the verification of an applicant’s eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the student’s FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant’s financial aid package on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR). For the Federal Pell Grant Program, if an applicant’s FAFSA information changes as a result of verification, an institution must recalculate the applicant’s Federal Pell Grant on the basis of the EFC on the corrected ISIR and disburse any additional funds under that award (Title 34, CFR, Section 668.59).

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

For 3 (8 percent) of 40 students tested, Lamar State College – Orange (College) did not accurately verify all required items on the students' FAFSAs. Specifically:

- For 1 (25 percent) of 4 students tested who earned income and did not file a tax return, the College incorrectly verified the student's income earned from work as reported by the student in a signed statement certifying the student's income. Based on information the College provided, that error did not result in an adjustment to the student's EFC or award. The error occurred because of a manual error the College made in verification.
- For 1 (3 percent) of 38 students tested who filed tax returns or whose parents filed tax returns, the College incorrectly verified the parents' IRA deductions. For that student, the College understated the student's EFC by \$379, resulting in a \$300 overaward of a Pell Grant. After auditors brought this matter to the College's attention, the College provided evidence that it corrected that overaward; therefore, there were no questioned costs associated with that error. The error occurred because of a manual error the College made in verification.
- For 1 (3 percent) of 38 students tested who filed tax returns or whose parents filed tax returns, the College incorrectly verified the student's AGI and income tax paid. The College did not follow the methodology prescribed in the 2012-2013 *Application and Verification Guide* to calculate individual AGI and taxes paid using a joint return. Based on information the College provided, that error did not result in an adjustment to the student's EFC or award.

Recommendations:

The College should:

- Accurately verify all required FAFSA information for applicants selected for verification.
- Use the methodology prescribed in the *Application and Verification Guide* to calculate individual AGI and taxes paid for joint returns.

Management Response and Corrective Action Plan:

The importance of accurately verifying required information on all selected applicants has been stressed to each financial aid employee performing verification. In addition the Financial Aid Coordinator continues to review each file as verification corrections are received.

We are currently using the methodology prescribed in the Application and Verification Guide to perform these calculations.

Implementation Date: August 2013

Responsible Person: Kerry Olson

Lamar University

Reference No. 2013-105

Eligibility

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grant, P007A124051; CFDA 84.033, Federal Work-Study Program, P033A124051; CFDA 84.063, Federal Pell Grant Program, P063P122282; CFDA 84.268, Federal Direct Student Loans, P268K132282; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T132282; and CFDA 84.038, Federal Perkins Loan Program – Federal Capital Contributions, Award Number Not Applicable

Type of finding – Significant Deficiency and Non-Compliance

Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student’s cost of attendance (COA) minus the expected family contribution (EFC) (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087kk). The phrase “cost of attendance” refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

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

Lamar University (University) has established full-time budgets in its financial aid system, and it also has established rates for three-quarter-time, half-time, and less-than-half-time enrollment. The University sets each of its rates based on actual tuition and fees charged (either resident or non-resident), average cost of books for students who attend, and estimated costs for living expenses and other personal expenses based on average living costs for the area in which the University is located. The school’s financial aid system automatically applies the COA based on a student’s academic schedule.

For 1 (3 percent) of 40 students tested, the University incorrectly calculated the student’s COA. That occurred because of an error the University made when it updated the COA budget tables in its financial aid system for the 2012-2013 academic year. Specifically, the University did not properly update amounts for all budget components in one budget group. A total of three students were affected by that error. As a result, the University understated the COA and financial need for each of those students by \$1,189. The University corrected those students’ COA when auditors brought the issue to its attention. However, not applying correct COA budgets to students could result in an overaward or underaward of student financial assistance.

Federal Direct Student Loan

The Budget Control Act of 2011 eliminated subsidized loan eligibility for graduate and professional students for loan periods and periods of enrollment beginning on or after July 1, 2012 (U.S. Department of Education *2012-2013 Federal Student Aid Handbook*). Therefore, only undergraduate students are eligible to receive Subsidized Direct Loans, and graduate students are eligible only for Unsubsidized Direct Loans or Direct Parent Loan for Undergraduate Student (PLUS) Loans.

Based on a review of the full population of federal student financial assistance recipients, the University awarded one graduate student a \$2,723 Subsidized Direct Loan associated with award number P268K132282 for which that student was not eligible. According to the University, that occurred because the student’s status changed from post-baccalaureate to graduate on the same day that the University disbursed the funds. After auditors identified that error, the University canceled that award.

General Controls

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

The University did not maintain adequate user access controls to its Banner student financial assistance application and its operating environment. Specifically, three third-party contractor database administrators (DBAs) did not have individual server accounts and, instead, they used a shared generic administrator account to authenticate to the Banner production servers. The University's Administrative/Special Access Policy (Policy 10.02.02, Section 4) prohibits the sharing of administrative access accounts among users. Sharing those accounts reduces accountability by removing the ability to identify and log the individual users who access systems.

In addition, three University DBAs and three third-party contractor DBAs used two generic database accounts, which are administrative accounts required by the Oracle database, when performing administrative tasks on the Banner production database. The University's Administrative/Special Access Policy (Policy 10.02.02, Section 4) requires that information regarding users with access to a generic account must be documented with the office of the chief information officer (CIO) annually. However, there was no documentation filed with the office of the CIO to document the purpose of the two generic database accounts or the six DBAs who had passwords for those accounts.

The University also did not periodically review administrative access to its network and user access to the Banner application, the Banner database, and the Banner servers to determine the appropriateness of users' access based on their job responsibilities. The University's Administrative/Special Access Policy (Policy 10.02.02, Section 6) requires that access to, changes to, and use of information resources be strictly secured and states that information access authority for each user must be reviewed on a regular basis, as well as when a job status changes, such as a transfer or termination of service. Not periodically reviewing user access increases the risk of inappropriate access to critical applications and their associated databases and servers.

Additionally, the University did not configure password settings for its network, the Banner application, and the Banner database in accordance with its password policy. Not adhering to the University's password policy could result in unauthorized access or alteration to critical applications and data.

Recommendations:

The University should:

- Apply current COA budgets correctly for all budget groups.
- Provide loan recipients with the correct award amounts based on their eligibility.
- Establish individual administrative accounts for its internal and external administrators and ensure that those individuals use those accounts when accessing production database and servers.
- Follow its Administrative/Special Access Policy by documenting with the office of the CIO information regarding users who have access to required administrative accounts, or update that policy to align with the University's existing processes for those accounts.
- Periodically review user access to its network, the Banner application, the Banner database, and the Banner servers, and document those reviews.
- Configure password settings for its network, the Banner application, and the Banner database in accordance with the University's password policy.

Management Response and Corrective Action Plan:

In response to the COA budget errors, the discrepancy occurred due to a manual data-entry error that was copied across the Banner system and applied to multiple students. Upon the auditors findings, we immediately corrected these individual errors. In the future, we will run RBRBCMP which details the values that make up the cost of attendance. A different processor will review the values for manual errors before they are copied into production.

Implementation Date: October 2013

Responsible Persons: Chris Baur and Jill Rowley

In response to the graduate-level student who received a Subsidized loan disbursement (award number P268K132282), this student was erroneously awarded subsidized loans because the student was classified as a Post Baccalaureate (PB) student in the Fall 2012 and coded as such with our admissions office on January 18, 2013. On the same day that we submitted the loan origination to COD, the student subsequently changed classification for Spring 2013 to Graduate. There was no process in place to notify us that the students' classification changed to Graduate AFTER the subsidized loans were already originated in COD for the entire aid year.

Upon finding the error, we subsequently cancelled the subsidized loan, replaced the balance with an eligible state grant, and mailed a formal letter to the student. In order to stop this error from reoccurring, we have formulated a new report that will find Graduates that are enrolled in undergraduate and Post Baccalaureate packaging groups; this will ensure that their award, per semester, is correct. This report is saved in Argos and is run by the Associate Director.

Implementation Date: August 2013

Responsible Person: Chris Baur

General Controls

Recommendation: Establish individual administrative accounts for its internal and external administrators and ensure that those individuals use those accounts when accessing production database and servers.

Lamar University acknowledges and agrees with the finding.

Individual Server accounts were created for the referenced third party contract DBAs and the use of the shared generic administrator account to authenticate to the Banner production servers was discontinued.

Implementation Date: Implemented

Responsible Person: Dale Lack

Recommendation: Follow its Administrative/Special Access Policy by documenting with the office of the CIO information regarding users who have access to required administrative accounts, or update that policy to align with the University's existing processes for those accounts.

Lamar University acknowledges and agrees with the finding.

Formal documentation will be filed and maintained in the office of the CIO, to support the University's Administrative/Special Access Policy (Policy 10.02.02, Section 4) requiring documentation and annual review of administrators (DBAs) with access to the two referenced Oracle administrative accounts. The documentation will reflect the purpose of the two referenced generic Oracle database accounts and those members of the Lamar University DBA team who have access to the passwords to those accounts.

Implementation Date: January 31, 2014

Responsible Person: Dale Lack

Recommendation: Periodically review user access to its network, the Banner application, the Banner database, and the Banner servers, and document those reviews.

Lamar University acknowledges and agrees with the finding.

- a. Network: Lamar university network logons are governed by affiliations with the university. Lamar University acknowledges the findings and will establish review cycles for each of the identity types. The review process will include audit cycles for each identity type with the associated University data owners via the Application Security Committee.*

Implementation Date: June 30, 2014

Responsible Person: Srinivas Varadaraj

- b. Banner Application: Lamar University's Information Technology department is a member and sponsor of the University's long standing Application Security Committee, which is comprised of the ISO and members of his security team, IT leadership with responsibilities of the Banner ERP environment (Sr Director of Enterprise Services and Technical Applications Manager) and University data owners from the various disciplines across campus. (i.e. Finance, Accounts Receivable, Human Resources/Payroll, Student Records, Student Admissions, Financial Aid). The ISO and the Sr Director of Enterprise Services has engaged/charged this body to formalize the periodic review of user access to the Banner Application.*

This body has designed, built and implemented a series of tools/reports to facilitate the periodic review of the entire Banner Application Security matrix. The initial formal overall periodic review was completed Q4 2013. This overall periodic review will be on an annual schedule going forward and the delta/change periodic reviews will be staggered on a semi-annual cycle going forward.

Implementation Date: April 2014

Responsible Person: Dale Lack

- c. Banner Database: Lamar University IT leadership with responsibilities of the Banner ERP environment (Sr Director of Enterprise Services, Manager of DBA Services and Technical Applications Manager) has completed the initial formal periodic review of the Oracle accounts within the Banner ERP database at the end of Q3 2013. This periodic review will be on a semi-annual schedule going forward.*

Implementation Date: Implemented

Responsible Person: Dale Lack

- d. Banner Servers: Lamar University IT leadership with responsibilities of the Banner ERP environment (Sr Director of Enterprise Services, Director IT Computing Infrastructure, Manager of DBA Services and Technical Applications Manager) has completed the initial formal periodic review of the Banner server accounts within the Banner ERP environment at the end of Q3 2013. This periodic review will be on a semi-annual schedule going forward.*

Implementation Date: Implemented

Responsible Person: Dale Lack

Recommendation: Configure password settings for us network, the Banner application, and the Banner database in accordance with the University’s password policy.

a. Configure password settings for its network in accordance with the University’s password policy.

Lamar University acknowledges the finding with the following clarifications. At the university, network password complexity enforcement is applied in two locations: 1) through its web portal available at (https://passwordreset.lamar.edu). This web-portal available to faculty, staff and students is compliant with publish password complexity requirements. 2) through its active-directory domain credentials store. This is a domain level setting, which is applicable when network users change their passwords via workstations attached to the domain. The setting for this is not compliant with the password policy. LU acknowledges this finding and will mitigate this issue via planning, testing the changes in the development domain.

Implementation Date: 60 days from 12th class day of 2013 spring semester (Jan 9th)

Responsible Person: Srinivas Varadaraj

b. The Banner application, and the Banner database in accordance with the University’s password policy.

Lamar University acknowledges that the logons to its enterprise Banner applications are not compliant with the published university password policy. To remediate this finding, IT Services will research and implement technology and services that are compatible with Banner and integrate the application under the university’s single credential umbrella (Lamar Electronic Access [LEA]). This will allow the Banner application users to manage Banner password via the web portal (passwordroset.larnar.edu).

Implementation Date: August 31, 2014

Responsible Person: Dale Lack

Reference No. 2013-106

Special Tests and Provisions – Verification

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grant, P007A124051; CFDA 84.033, Federal Work-Study Program, P033A124051; CFDA 84.063, Federal Pell Grant Program, P063P122282; CFDA 84.268, Federal Direct Student Loans, P268K132282; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T132282; and CFDA 84.038, Federal Perkins Loan Program – Federal Capital Contributions, Award Number Not Applicable

Type of finding – Significant Deficiency and Non-Compliance

Verification of Applications

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income (AGI), U.S. income taxes paid, child support paid, food stamps, education credits, IRA deductions, and other untaxed income (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56 and *Federal Register*, Volume 76, Number 134). When the verification of an applicant’s eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the student’s FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant’s financial aid package on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR). For the Federal Pell Grant Program, if an applicant’s FAFSA

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

information changes as a result of verification, an institution must recalculate the applicant's Federal Pell Grant on the basis of the EFC on the corrected ISIR and disburse any additional funds under that award (Title 34, CFR, Section 668.59).

For 1 (3 percent) of 40 applications tested, Lamar University (University) did not accurately verify all required items on the FAFSA. Specifically, the applicant's parent reported paying \$24,000 in child support, but the University did not verify that because of a manual error. As a result, the University did not request an updated ISIR for the student at the time of verification. Based on information the University provided, that error resulted in an overaward of \$88 in subsidized direct loans associated with award P268K132282.

When auditors brought the error to the University's attention, the University requested an updated ISIR and adjusted the student's award; therefore, there were no questioned costs. However, not properly verifying FAFSA information could result in the University overawarding or underawarding student federal financial assistance.

Verification Policies and Procedures

An institution must establish and use written policies and procedures for verifying an applicant's FAFSA information. Those policies 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 EFC changes and results in a change in the applicant's award or loan; (4) the procedures the institution requires an applicant to follow to correct application information determined to be in error; and (5) the procedures for making referrals under Title 34, CFR, Section 668.16. The procedures must provide that the institution shall furnish, in a timely manner, to each applicant selected for verification a clear explanation of (1) the documentation needed to satisfy the verification requirements and (2) the applicant's responsibilities with respect to the verification of application information, including the deadlines for completing required actions and the consequences of failing to complete any required action. An institution's procedures must also provide that an applicant whose FAFSA information is selected for verification is required to complete verification before the institution makes changes to the applicant's cost of attendance or to the values of the data items required to calculate the EFC (Title 34, CFR, Section 668.53).

The University's policies and procedures for its verification process did not include all of the required elements. Specifically, the University's verification policies and procedures did not provide that it would furnish, in a timely manner, to each applicant whose FAFSA information is selected for verification, deadlines for completing any required actions. Having inadequate policies and procedures increases the risk that the University may not perform verification in accordance with federal requirements and that applicants may not understand their responsibilities when their FAFSAs are verified.

General Controls

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

The University did not maintain adequate user access controls to its Banner student financial assistance application and its operating environment. Specifically, three third-party contractor database administrators (DBAs) did not have individual server accounts and, instead, they used a shared generic administrator account to authenticate to the Banner production servers. The University's Administrative/Special Access Policy (Policy 10.02.02, Section 4) prohibits the sharing of administrative access accounts among users. Sharing those accounts reduces accountability by removing the ability to identify and log the individual users who access systems.

In addition, three University DBAs and three third-party contractor DBAs used two generic database accounts, which are administrative accounts required by the Oracle database, when performing administrative tasks on the Banner production database. The University's Administrative/Special Access Policy (Policy 10.02.02, Section 4) requires that information regarding users with access to a generic account must be documented with the office of the chief information officer (CIO) annually. However, there was no documentation filed with the office of the CIO to document the purpose of the two generic database accounts or the six DBAs who had passwords for those accounts.

The University also did not periodically review administrative access to its network and user access to the Banner application, the Banner database, and the Banner servers to determine the appropriateness of users' access based on their job responsibilities. The University's Administrative/Special Access Policy (Policy 10.02.02, Section 6) requires that access to, changes to, and use of information resources be strictly secured and states that information access authority for each user must be reviewed on a regular basis, as well as when a job status changes, such as a transfer or termination of service. Not periodically reviewing user access increases the risk of inappropriate access to critical applications and their associated databases and servers.

Additionally, the University did not configure password settings for its network, the Banner application, and the Banner database in accordance with its password policy. Not adhering to the University's password policy could result in unauthorized access or alteration to critical applications and data.

Recommendations:

The University should:

- Accurately verify all required FAFSA information for applicants selected for verification and request updated ISIRs when required.
- Include all required elements in its written verification policies and procedures.
- Establish individual administrative accounts for its internal and external administrators and ensure that those individuals use those accounts when accessing production database and servers.
- Follow its Administrative/Special Access Policy by documenting with the office of the CIO information regarding users who have access to required administrative accounts, or update that policy to align with the University's existing processes for those accounts.
- Periodically review user access to its network, the Banner application, the Banner database, and the Banner servers, and document those reviews.
- Configure password settings for its network, the Banner application, and the Banner database in accordance with the University's password policy.

Management Response and Corrective Action Plan:

At present, we have retrained staff and emphasized the need to carefully review their work using the verification worksheets that are provided to assist with verification completion. We have implemented mandatory and regular industry training beginning in October 2013. Each employee has been given access to additional webinars as well as an in-person conference held in November 2013. In addition, we have implemented a 'double-check' system in which each verification file is verified and then re-verified by another party in the office. This will insure the errors are caught in a timely manner if they do occur due to human-fault during the manual process.

The student handbook and the financial aid website have been updated immediately to reflect deadlines for the verification process. Also, we have begun running an internal Banner process accessed thru RNFVRFY. The report finds discrepancies in data reported on the ISIR and data input by the processor. If corrections were not submitted, the record is flagged for manual correction.

Implementation Date: October 2013

Responsible Person: Abigail Dupuis

General Controls

Recommendation: Establish individual administrative accounts for its internal and external administrators and ensure that those individuals use those accounts when accessing production database and servers.

Lamar University acknowledges and agrees with the finding.

Individual Server accounts were created for the referenced third party contract DBAs and the use of the shared generic administrator account to authenticate to the Banner production servers was discontinued.

Implementation Date: Implemented

Responsible Person: Dale Lack

Recommendation: Follow its Administrative/Special Access Policy by documenting with the office of the CIO information regarding users who have access to required administrative accounts, or update that policy to align with the University's existing processes for those accounts.

Lamar University acknowledges and agrees with the finding.

Formal documentation will be filed and maintained in the office of the CIO, to support the University's Administrative/Special Access Policy (Policy 10.02.02, Section 4) requiring documentation and annual review of administrators (DBAs) with access to the two referenced Oracle administrative accounts. The documentation will reflect the purpose of the two referenced generic Oracle database accounts and those members of the Lamar University DBA team who have access to the passwords to those accounts.

Implementation Date: January 31, 2014

Responsible Person: Dale Lack

Recommendation: Periodically review user access to its network, the Banner application, the Banner database, and the Banner servers, and document those reviews.

Lamar University acknowledges and agrees with the finding.

- a. *Network: Lamar University network logons are governed by affiliations with the university. Lamar University acknowledges the findings and will establish review cycles for each of the identity types. The review process will include audit cycles for each identity type with the associated University data owners via the Application Security Committee.*

Implementation Date: June 30, 2014

Responsible Person: Srinivas Varadaraj

- b. *Banner Application: Lamar University's Information Technology department is a member and sponsor of the University's long standing Application Security Committee, which is comprised of the ISO and members of his security team, IT leadership with responsibilities of the Banner ERP environment (Sr Director of Enterprise Services and Technical Applications Manager) and University data owners from the various disciplines across campus. (i.e., Finance, Accounts Receivable, Human Resources/Payroll, Student Records, Student Admissions, Financial Aid). The ISO and the Sr Director of Enterprise Services has engaged/charged this body to formalize the periodic review of user access to the Banner Application.*

This body has designed, built and implemented a series of tools/reports to facilitate the periodic review of the entire Banner Application Security matrix. The initial formal overall periodic review was completed Q4 2013. This overall periodic review will be on an annual schedule going forward and the delta/change periodic reviews will be staggered on a semi-annual cycle going forward.

Implementation Date: April 2014

Responsible Person: Dale Lack

- c. Banner Database: Lamar University IT leadership with responsibilities of the Banner ERP environment (Sr Director of Enterprise Services, Manager of DBA Services and Technical Applications Manager) has completed the initial formal periodic review of the Oracle accounts within the Banner ERP database at the end of Q3 2013. This periodic review will be on a semi-annual schedule going forward.*

Implementation Date: Implemented

Responsible Person: Dale Luck

- d. Banner Servers: Lamar University IT leadership with responsibilities of the Banner ERP environment (Sr Director of Enterprise Services, Director IT Computing Infrastructure, Manager of DBA Services and Technical Applications Manager) has completed the initial formal periodic review of the Banner server accounts within the Banner ERP environment at the end of Q3 2013. This periodic review will be on a semi-annual schedule going forward.*

Implementation Date: Implemented

Responsible Person: Dale Lack

Recommendation: Configure password settings for us network, the Banner application, and the Banner database in accordance with the University's password policy.

- a. Configure password settings for its network in accordance with the University's password policy.*

Lamar University acknowledges the finding with the following clarifications. At the university, network password complexity enforcement is applied in two locations: 1) through its web portal available at (<https://passwordreset.lamar.edu>). This web-portal available to faculty, staff and students is compliant with publish password complexity requirements. 2) through its active-directory domain credentials store. This is a domain level setting, which is applicable when network users change their passwords via workstations attached to the domain. The setting for this is not compliant with the password policy. LU acknowledges this finding and will mitigate this issue via planning, testing the changes in the development domain.

Implementation Date: 60 days from 12th class day of 2013 spring semester (Jan 9th)

Responsible Person: Srinivas Varadaraj

- b. The Banner application, and the Banner database in accordance with the University's password policy.*

Lamar University acknowledges that the logons to its enterprise Banner applications are not compliant with the published university password policy. To remediate this finding, IT Services will research and implement technology and services that are compatible with Banner and integrate the application under the university's single credential umbrella (Lamar Electronic Access [LEA]). This will allow the Banner application users to manage Banner password via the web portal (passwordreset.lamar.edu).

Implementation Date: August 31, 2014

Responsible Person: Dale Lack

Department of Public Safety

Reference No. 2013-107

Activities Allowed or Unallowed

Allowable Costs/Cost Principles

(Prior Audit Issue 13-117)

CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

Allowable Costs/Cost Principles – Payroll

In accordance with Title 2, Code of Federal Regulations (CFR), Chapter 225, when employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that award or cost objective for the period covered by the certification. Those certifications must be prepared at least semi-annually and signed by the employees or supervisory official having firsthand knowledge of the work performed by the employees. For employees who are expected to work on multiple activities or cost objectives, a distribution of their salaries or wages must be supported by personnel activity reports or equivalent documentation that:

Questioned Cost: \$21,266

U.S. Department of Homeland Security – Federal Emergency Management Agency

- Reflects an after-the-fact distribution of the actual activity of each employee.
- Accounts for the total activity for which each employee is compensated.
- Is prepared at least monthly and must coincide with one or more pay periods.
- Is signed by the employee.

Budget estimates or other distribution percentages that are developed before services are performed do not qualify as support for charges to federal awards but may be used for interim purposes, provided that at least quarterly comparisons of actual costs to budgeted distributions based on the monthly activity reports are made and any adjustments are reflected in the amounts billed to the federal program. Costs charged to federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show that the differences between budgeted and actual costs are less than 10 percent.

The Department of Public Safety (Department) uses estimates to determine its payroll charges on a monthly basis and then performs reconciliations between the estimated time and actual time employees worked on each federal award so that it can process necessary adjustments. **However, during fiscal year 2013, the Department did not perform quarterly activity report reconciliations in a timely manner.** The Department did not begin its reconciliation process for the Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program until April 2013 and did not perform reconciliations for the July 2013 and August 2013 pay periods until December 2013. Not performing reconciliations in a timely manner could delay the identification of required adjustments and result in questioned costs.

In addition, for 1 (2 percent) of 63 payroll charges, the Department charged employee benefits to the grant when the employee did not perform work on the grant during the pay period. That occurred because the Department does not perform a reconciliation of benefits based on actual hours worked if the employee charges time to only one disaster grant during the month. That error resulted in questioned costs of \$29.

Allowable Costs/Cost Principles and Activities Allowed or Unallowed – Non-payroll

The Office of Management and Budget requires that costs be allocable to federal awards under the provisions of Title 2, CFR, Chapter 225. Any cost allocable to a particular federal award or cost objective may not be charged to other federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the federal

awards, or for other reasons. Additionally, to be allowable under federal awards, costs must be adequately documented (Title 2, CFR, Chapter 225).

One (1 percent) of 69 non-payroll expenditures tested at the Department was unallowable. The Department charged a \$10 unallowable prompt payment interest expenditure to an award. The Department later reallocated that expenditure to a non-federal account; therefore, there were no related questioned costs.

For 4 (6 percent) of 69 non-payroll expenditures tested, the Department charged the expenditures to awards to which the expenditures were not allocable. Specifically:

- One of those expenditures was for consulting work related to the implementation of a grants management application. The Department was unable to provide documentation to support whether the work performed solely benefitted the program to which it was charged. That error resulted in \$20,800 in questioned costs.
- The Department charged two of those expenditures to the wrong award because of a coding error in its payment processing. The Department later corrected those errors, which totaled \$193; therefore, there are no related questioned costs.
- One of those expenditures was a recurring cellular data charge that was not allocable to the program. That error resulted in \$38 in questioned cost; however, because the expenditure was recurring, the Department may have charged additional related unallowable costs.

For 1 (1 percent) of 69 non-payroll expenditures tested, the Department could not provide the underlying supporting documentation for the expenditure. Therefore, auditors could not determine whether the Department appropriately allocated that expenditure. That error resulted in \$91 in questioned costs.

Indirect Costs

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

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

In 2009, the Department hired a third-party vendor to develop an IDCRP on its behalf based on its fiscal year 2007 expenditures. However, the Department did not submit that IDCRP to the federal cognizant agency until February 2012. The Federal Emergency Management Agency (FEMA) approved the IDCRP in May 2012. The IDCRP included a fixed rate of 55.59 percent for fiscal years 2008 and 2009, and that same rate on a provisional basis for periods after fiscal year 2009. **However, the Department did not retain sufficient support for its IDCRP for auditors to test the accuracy of the indirect cost rate.** As a result, auditors could not determine whether the indirect cost rate approved in May 2012 was accurate. **The Department's next IDCRP was due in February 2013. However, the Department was still in the process of completing that proposal at the close of fiscal year 2013.** During fiscal year 2013, the Department drew down federal Disaster Grants – Public Assistance (Presidentially Declared Disasters) funds for indirect costs using the provisional rate of 55.59 percent on the previous indirect cost rate agreement.

The Department did not always apply its provisional indirect cost rate correctly. Specifically, for 1 (8 percent) of 12 indirect cost revenue transactions tested, the Department applied an incorrect rate due to a formula error in the spreadsheet the Department used to calculate indirect costs. As a result, the Department drew down \$308 for unsupported indirect costs, which is considered a questioned cost.

Additionally, for 2 (17 percent) of 12 indirect cost revenue transactions tested, the Department inaccurately recorded the indirect cost revenue. One of those transactions had an error in the indirect cost calculation. For the other transaction, the Department recorded the indirect cost revenue to the incorrect federal program. Specifically, the Department drew down \$70,745 in indirect costs against the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program, but it recorded the indirect cost revenue to the Hazard Mitigation Grant Program. The

PUBLIC SAFETY, DEPARTMENT OF

Department does not record indirect cost expenditures in its accounting system; instead, it processes adjusting journal entries at the close of the fiscal year to record indirect cost expenditures on its Schedule of Expenditures of Federal Awards. As a result, errors in the recording of deposits could affect the accuracy of the adjusting journal entries and the agency's financial reporting.

The issues discussed above affected the following awards:

<u>Disaster Number</u>	<u>Award Number</u>	<u>Disaster Declaration Date</u>	<u>Questioned Costs</u>
1257	99612576	October 21, 1998	\$ 0
1379	TX01PA1379	June 9, 2001	0
1425	TX02PA1425	July 4, 2002	0
1479	TX03PA1479	July 17, 2003	0
1606	1606DRTXP00000001	September 24, 2005	0
1624	1624DRTXP00000001	January 11, 2006	0
1658	1658DRTXP00000001	August 15, 2006	0
1709	1709DRTXP00000001	June 29, 2007	0
1780	1780DRTXP00000001	July 24, 2008	91
1791	1791DRTXP00000001	September 13, 2008	20,867
1931	1931DRTXP00000001	August 3, 2010	0
1999	1999DRTXP00000001	July 1, 2011	308
3216	3216EMTXP00000001	September 2, 2005	0
3261	3261EMTXP00000001	September 21, 2005	0
3363	3363EMTXP00000001	April 17, 2013	0
4029	4029DRTXP00000001	September 9, 2011	0
		Total	\$21,266

Recommendations:

The Department should:

- Not charge unallowable costs to federal awards.
- Properly allocate charges to the Disaster Grants - Public Assistance (Presidentially Declared Disasters) program.
- Retain support for all expenditures.
- Perform quarterly comparisons of actual payroll activity with estimated activity and ensure that payroll charges reflect an after-the-fact distribution of the actual activity of each employee.
- Perform a reconciliation of benefits based on actual hours worked for all employees.
- Submit an updated IDCRCR to its federal cognizant agency and retain adequate documentation of its proposed indirect cost rate.
- Calculate and record indirect cost revenues accurately in its accounting system.

Management Response and Corrective Action Plan:

The Department agrees with the finding.

Payroll

As noted, the agency implemented a process to determine payroll charges on a monthly basis in March 2013, and will continue to refine the process.

Non-payroll

DPS will strengthen processes to assure disaster payments to vendors are supported with adequate documentation.

Indirect

DPS discontinued use of indirect rates midway through the fiscal year. DPS has submitted an updated indirect cost rate that is currently being negotiated with FEMA.

Implementation Date: May 2014

Responsible Person: Maureen Coulehan

Reference No. 2013-108

Cash Management

(Prior Audit Issues 13-118, 12-112 and 11-112)

CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

According to the Cash Management Improvement Act agreement between the U.S. Department of the Treasury and the State of Texas (Treasury-State Agreement) applicable to fiscal year 2013, the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program is subject to the pre-issuance and reimbursement funding techniques. Under the pre-issuance funding method, the State is required to request that funds be deposited into the state account no more than three days prior to the day the State makes a disbursement. When advance payment procedures are used, recipients must establish similar procedures for subrecipients. Pass-through entities must monitor cash drawdowns by their subrecipients to ensure that subrecipients conform substantially to the same standards of timing and amount as apply to the pass-through entity (Title 44, Code of Federal Regulations, Section 13.20(b)(7)).

Questioned Cost:	\$0
U.S. Department of Homeland Security – Federal Emergency Management Agency	

For 9 (14 percent) of 65 drawdowns tested, the Department of Public Safety (Department) did not comply with the time requirements for disbursing federal funds. The Department disbursed funds from those 9 drawdowns between 4 and 18 days after it received the funds, instead of within 3 days as required by the Treasury-State Agreement. Those errors occurred because the Department uses a manual process to disburse funds to its subrecipients, and that process does not consistently ensure that the Department disburses funds in a timely manner. In February 2013, the Department adjusted its process for drawing down funds for payroll costs to better ensure compliance with timing requirements outlined in the Treasury-State Agreement.

Additionally, for 10 (28 percent) of 36 subrecipients tested, the Department did not obtain sufficient documentation to ensure that subrecipients minimized the time between their receipt of funds and the disbursement of those funds. The Department's procedures do not require subrecipients to provide documentation to support that they are minimizing the time between receipt and disbursement of funds. As a result, auditors could not verify whether subrecipients minimized that time or whether they earned interest on advanced funds. Insufficient monitoring of subrecipients during the award period increases the risk that the Department would not detect subrecipients' non-compliance with cash management requirements.

PUBLIC SAFETY, DEPARTMENT OF

The timing issues discussed above affected the following awards:

<u>Disaster Number</u>	<u>Award Number</u>	<u>Disaster Declaration Date</u>
1709	1709DRTXP00000001	June 29, 2007
1780	1780DRTXP00000001	July 24, 2008
1791	1791DRTXP00000001	September 13, 2008
1931	1931DRTXP00000001	August 3, 2010
1999	1999DRTXP00000001	July 1, 2011
4029	4029DRTXP00000001	September 9, 2011

Recommendations:

The Department should:

- Ensure that the time between its receipt and disbursement of funds is within the time frame required by the Treasury-State Agreement.
- Strengthen controls over subrecipient monitoring to help ensure that its subrecipients minimize the time between receipt and disbursement of federal funds.

Management Response and Corrective Action Plan:

The Department agrees with the finding.

Cash Management

DPS implemented a Cash management policy August 1st, 2013. Although the policy has decreased the amount of time between deposit and disbursement, the sample for this audit included transactions that were processed prior to the implementation of the new policy.

Subrecipient Monitoring

Controls will be updated to include a notice to subrecipients on cash management rules for advances and for monitoring of their compliance.

Implementation Date: May 2014

Responsible Persons: Maureen Coulehan and Paula Logan

Reference No. 2013-109

Period of Availability of Federal Funds

(Prior Audit Issue 13-119)

CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

For major disaster declarations, a grantee of the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program may expend management cost funds for allowable costs for a maximum of 8 years from the date of the major disaster declaration or 180 days after the latest performance period date of a non-management cost project worksheet, whichever is sooner

Questioned Cost:	\$18,276
U.S. Department of Homeland Security – Federal Emergency Management Agency	

PUBLIC SAFETY, DEPARTMENT OF

(Title 44, Code of Federal Regulations (CFR), Section 207.8(b) and Title 44, CFR, Sections 207.9(a) and (d)). Additionally, a grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the performance period (Title 44, CFR, Section 13.23).

The Department of Public Safety (Department) charged to awards costs that it incurred after the period of performance for those awards. Specifically:

- For all five payroll transfers tested, the Department incurred the original cost supporting the transfers outside of the period of performance for the awards. All five transfers were for pay periods between September 2011 and April 2012; however, during fiscal year 2013 the Department transferred those charges to awards whose periods of performance ended prior to September 2011. That resulted in questioned costs of \$918.
- For 2 (3 percent) of 69 non-payroll direct cost expenditures tested, the Department incurred and liquidated the expenditures outside of the period of performance for one award. The Department incurred those costs in May 2012 and June 2012 and charged those costs to the award during fiscal year 2013; however, the award’s period of performance ended in August 2010. That resulted in questioned costs of \$5,306. An analysis of the expenditure population identified 18 additional unallowable charges to that award totaling \$12,052 in additional questioned cost.

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

The issues noted above affected the following awards:

<u>Disaster Number</u>	<u>Award Number</u>	<u>Disaster Declaration Date</u>	<u>Questioned Costs</u>
1257	99612576	October 21, 1998	\$ 7
1379	TX01PA1379	June 9, 2001	515
1425	TX02PA1425	July 4, 2002	272
1479	TX03PA1479	July 17, 2003	42
3261	3261EMTXP00000001	September 21, 2005	82
3290	3290EMTXP00000001	August 29, 2008	17,358
		Total	<u><u>\$ 18,276</u></u>

Recommendation:

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

Management Response and Corrective Action Plan:

The Department agrees with the finding.

Processes are in place but reviews will be tightened. Please note these grants were affected by a rule change at FEMA that required TDEM to begin charging management costs to state indexes even though grant administration was ongoing and FEMA has not closed these grants.

Implementation Date: February 2014

Responsible Persons: Maureen Coulehon and Paula Logan

Reference No. 2013-110

Procurement and Suspension and Debarment

Subrecipient Monitoring

Special Test and Provisions – Project Accounting

(Prior Audit Issues 13-120, 12-113, 11-115, 10-42, and 09-48)

CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

The Department of Public Safety (Department) is required by Office of Management and Budget (OMB) Circular A-133, Section .400, to monitor subrecipients' use of federal awards to provide reasonable assurance that subrecipients administer federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Questioned Cost: \$0

U.S. Department of Homeland Security – Federal Emergency Management Agency

In fiscal year 2013, the Department passed through \$104,489,125 in Disaster Grants – Public Assistance (Presidentially Declared Disasters) funds to its subrecipients.

Pre-award Monitoring

At the time of the award, pass-through entities must identify to subrecipients the applicable compliance requirements and the federal award information, including the Catalog of Federal Domestic Assistance (CFDA) title and number, the federal award name and number, the name of the federal awarding agency, and whether the award is research and development (OMB Circular A-133, Section .400(d)).

Additionally, federal rules require that, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity and its principals are not suspended or debarred or otherwise excluded from federal contracts. That verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity. Covered transactions include all nonprocurement transactions irrespective of award amount (Title 2, Code of Federal Regulations (CFR), Section 3000).

Beginning October 1, 2010, an agency may not make an award to an entity until it has obtained a valid Data Universal Numbering System (DUNS) number for that entity (Title 2, CFR, Sections 25.105 and 25.205).

The Department communicates federal award information to subrecipients on an application for federal assistance and requires that subrecipients sign various assurances to ensure that they are aware of award information and applicable federal compliance requirements. The assurances also serve as the subrecipients' certification that they are not suspended or debarred from participating in federal contracts.

The Department did not always include all required elements in its subaward agreements and did not obtain subrecipient DUNS numbers. Specifically:

- For 2 (6 percent) of 36 subrecipients tested, the Department did not identify all required federal award information to the subrecipient. For one of those subrecipients, the Department did not include the CFDA number on the subrecipient application for federal assistance. For the other subrecipient, the Department could not provide evidence that it identified the CFDA title to the subrecipient.
- For 31 (86 percent) of 36 subrecipients tested, the Department did not ensure that the subrecipients' principals were not suspended or debarred. Those errors occurred because for 30 of those subrecipients the Department used an older version of the required assurances for those subrecipients that did not cover the subrecipients' principals. For one of those subrecipients, the Department did not retain the subrecipient's assurance form.
- For all three subrecipients tested for which a DUNS number was required, the Department did not obtain a DUNS number for the subrecipients prior to issuing the subaward. Those errors occurred because the Department used an older version of the federal application documents that did not have a designated space for the DUNS number.

Inadequate identification of federal award information to subrecipients could lead to inaccurate reporting of federal funding on a subrecipient's schedule of expenditures of federal awards. Not verifying that subrecipients' principals are not suspended or debarred from participation in federal awards increases the risk that the Department could enter into awards with ineligible parties. Not obtaining DUNS numbers prior to making a subaward could lead to inaccurate federal reporting.

During-the-award Monitoring

Recipients of Disaster Grants – Public Assistance (Presidentially Declared Disasters) funds are required to monitor grant-supported and subgrant-supported activities to ensure compliance with applicable federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function, or activity (Title 44, CFR, Section 13.40). The Department monitors subrecipient projects through review and approval of payment vouchers, quarterly performance reporting, and audits and inspections of subrecipient projects.

The Department did not consistently enforce and monitor subrecipient compliance with federal requirements related to period of availability, equipment, and procurement during the performance period of its subawards. Specifically:

- For 14 (39 percent) of 36 subrecipients tested, the Department could not provide evidence that it monitored the subrecipients' compliance with period of availability requirements. For those subrecipients, the performance period of the subgrant had expired, and the Department could not provide evidence that it had approved an extension of that period. The Department has not established a formal monitoring process prior to its project close-out to identify subrecipients that did not complete projects within the established period of performance.
- The Department could not provide evidence that it monitored subrecipients' compliance with requirements related to equipment for 1 (7 percent) of 14 subrecipient projects for which it should have monitored compliance.
- The Department could not provide evidence that it monitored subrecipients' compliance with requirements related to procurement and suspension and debarment for 9 (27 percent) of 33 subrecipient projects for which it should have monitored compliance.

At the conclusion of a project, the Department conducts final audits on projects that the Federal Emergency Management Agency (FEMA) designates as "large" projects according to the Department's State Administrative Plan for each disaster. The Department uses those audits to monitor its subrecipients' compliance with requirements related to allowable costs and activities, equipment, and procurement. However, final audits may not always be an effective monitoring tool to identify potential subrecipient non-compliance during the performance period of a subgrant.

Project Accounting

According to Department policy, subrecipients must submit a *Project Completion and Certification Report* within 60 days of completing all approved work for a project. That report certifies that all work has been completed in accordance with funding approvals and that all claims have been paid in full for each specific project.

For 19 (59 percent) of 32 subrecipients tested that were required to submit a *Project Completion and Certification Report*, the Department did not ensure that the subrecipients submitted the reports in a timely manner. The subrecipients submitted those reports between 109 and 2,218 days after project completion. Those errors occurred because the Department does not have a process to ensure that subrecipients notify the Department in a timely manner that a project is complete. Not notifying the Department of project completion in a timely manner delays final audits and project close-outs. Additionally, the deficiencies in monitoring project completion status delay the submission of required time extensions. For 14 (44 percent) of 32 subrecipients tested (which includes 7 of the 19 subrecipients discussed above), the Department did not identify deficiencies in subrecipient compliance related to required subrecipient time extensions.

PUBLIC SAFETY, DEPARTMENT OF

The issues discussed above affect the following awards:

<u>Disaster Number</u>	<u>Award Number</u>	<u>Disaster Declaration Date</u>
1379	TX01PA1379	June 9, 2001
1709	1709DRTXP00000001	June 29, 2007
1780	1780DRTXP00000001	July 24, 2008
1791	1791DRTXP00000001	September 13, 2008
1931	1931DRTXP00000001	August 3, 2010
1999	1999DRTXP00000001	July 1, 2011
4029	4029DRTXP00000001	September 9, 2011

Recommendations:

The Department should:

- Communicate all required federal award information and applicable compliance requirements to subrecipients and maintain award documentation for its records.
- Retain documentation of its verification that subrecipients and their principals are not suspended or debarred.
- Obtain valid DUNS numbers from its subrecipients prior to issuing subawards.
- Establish and implement a formal process to track and monitor all during-the-award monitoring activities for large and small subrecipient projects. That should include a process to ensure that subgrantees notify the Department in a timely manner that a project is complete.
- Identify and communicate deficiencies in subrecipient compliance and follow up on those deficiencies to ensure that subrecipients take corrective action.

Management Response and Corrective Action Plan:

The Department agrees with the finding.

Pre-Award: Subrecipient Monitoring

Please be aware that these conditions have been corrected and the exceptions noted were for awards from before corrective actions were taken.

During Award: Subrecipient Monitoring

New rules have been implemented and all files are being brought current.

Communicating Deficiencies

We will create a process to notify subrecipients of deficiencies and ensure they take corrective action.

Implementation Date: May 2014

Responsible Person: Paula Logan

PUBLIC SAFETY, DEPARTMENT OF

Reference No. 2013-111

Reporting

(Prior Audit Issues 13-121, 12-114, 11-114, 10-41, 09-47, 08-91, and 07-26)

CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Award years – See below

Award numbers – See below

Type of finding – Material Weakness and Material Non-Compliance

Financial Reporting

Recipients are responsible for managing, monitoring, and reporting performance for each program, subaward, function, or activity supported by the award. Recipients use the Federal Financial Report SF-425 to report financial activity on a quarterly basis. The U.S. Office of Management and Budget provides specific instructions for completing the SF-425, including definitions of key reporting elements (Title 44, Code of Federal Regulations (CFR), Section 13.41).

Questioned Cost: \$0

U.S. Department of Homeland
Security – Federal
Emergency Management
Agency

For all 14 SF-425 reports tested, the Department of Public Safety (Department) did not ensure that its reports included all activity in the reporting period, were supported by applicable accounting records, and were fairly presented in accordance with program requirements. Those errors occurred because (1) reports were not based on information in the Department's financial system (instead, those reports were based on information from the federal system through which the Department requested funds) and (2) the Department used an incorrect methodology or incomplete information to report recipient share of expenditures. The Department's methodology to report the recipient's share of expenditures does not consider the different matching requirements across projects and disasters. As a result, auditors identified errors in all 14 reports tested. Department management reviewed and approved those financial reports; however, that review was not sufficient to detect those errors.

Unsupported or inaccurate information in financial reports increases the risk that federal agencies could rely on inaccurate information to manage and monitor awards.

Federal Funding Accountability and Transparency Act

The Federal Funding Accountability and Transparency Act (Transparency Act) requires prime recipients of federal awards made on or after October 1, 2010, to capture and report subaward and executive compensation data regarding first-tier subawards that equal or exceed \$25,000. Prime recipients are to report subaward information no later than the end of the month following the month in which the obligation was made (Title 2, CFR, Chapter 170).

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

For 5 (83 percent) of 6 Transparency Act reports tested, the Department did not accurately report all key data elements. For those reports, the Department underreported the total subaward amount because it did not include amounts for donated resources projects or deobligations as required. Those errors occurred because the Federal Emergency Management Agency's Electronic Data Warehouse, which the Department uses to prepare its Transparency Act reports, excludes amounts for donated resources projects and deobligations due to technical issues. During the prior-year audit, auditors communicated to the Department information regarding its noncompliance with Transparency Act requirements. The Department implemented a formal process for Transparency Act reporting in April 2013. That process decreased, but did not eliminate, instances of noncompliance with federal requirements.

Not submitting accurate Transparency Act reports decreases the reliability and availability of information to the awarding agency and the public.

PUBLIC SAFETY, DEPARTMENT OF

General Controls

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

The Department did not adequately restrict access to its accounts in the State's Uniform Statewide Accounting System (USAS). Specifically, four former contractors and employees of the Department still had active accounts in USAS. The Department's periodic review of user access was not effective in identifying and removing that inappropriate access. Not maintaining appropriate access to USAS increases the risk of unauthorized modification of the Department's accounting data.

The financial reporting issues discussed above affected the following awards:

<u>Disaster Number</u>	<u>Award Number</u>	<u>Disaster Declaration Date</u>
1379	TX01PA1379	June 9, 2001
1425	TX02PA1425	July 4, 2002
1479	TX03PA1479	July 17, 2003
1606	1606DRTXP00000001	September 24, 2005
1658	1658DRTXP00000001	August 15, 2006
1709	1709DRTXP00000001	June 29, 2007
1780	1780DRTXP00000001	July 24, 2008
1931	1931DRTXP00000001	August 3, 2010
3216	3216EMTXP00000001	September 2, 2005
3294	3294EMTXP00000001	September 10, 2008
4029	4029DRTXP00000001	September 9, 2011

The Transparency Act reporting issues discussed above affected the following award:

<u>Disaster Number</u>	<u>Award Number</u>	<u>Disaster Declaration Date</u>
4029	4029DRTXP00000001	September 9, 2011

Recommendations:

The Department should:

- Develop and implement a process to report required financial information based on its supporting documentation, including information from its financial systems.
- Correct its methodology for reporting the recipient's share of expenditures in its SF-425 reports by incorporating the different matching requirements across projects and disasters.
- Submit all required Transparency Act reports accurately.
- Restrict access to its USAS accounts to current staff whose responsibilities require that access.
- Ensure that its periodic review process is effective and identifies all users whose access needs to be removed.

Management Response and Corrective Action Plan:

The Department agrees with the finding.

PUBLIC SAFETY, DEPARTMENT OF

SF 425 Reporting

DPS Finance has taken responsibility for SF-425 reporting effective January of 2012 and TDEM is working diligently with Finance to reconcile all open disasters. Finance and TDEM will also correct state match reporting.

Transparency Act Reporting

Processes have been updated to implement change.

USAS

Finance will implement controls to ensure we identify and remove all users whose access needs to be removed.

Implementation Date: May 2014

Responsible Persons: Paula Logan and Sharon Page

Reference No. 2013-112

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

CFDA 97.046 – Fire Management Assistance Grant

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

Allowable Costs/Cost Principles - Payroll

In accordance with Title 2, Code of Federal Regulations (CFR), Chapter 225, when employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that award or cost objective for the period covered by the certification. Those certifications must be prepared at least semi-annually and signed by the employees or supervisory official having firsthand knowledge of the work performed by the employees. For employees who are expected to work on multiple activities or cost objectives, a distribution of their salaries or wages must be supported by personnel activity reports or equivalent documentation that:

- Reflects an after-the-fact distribution of the actual activity of each employee.
- Accounts for the total activity for which each employee is compensated.
- Is prepared at least monthly and must coincide with one or more pay periods.
- Is signed by the employee.

Questioned Cost:	\$0
U.S. Department of Homeland Security – Federal Emergency Management Agency	

Budget estimates or other distribution percentages that are developed before services are performed do not qualify as support for charges to federal awards but may be used for interim purposes, provided that at least quarterly comparisons of actual costs to budgeted distributions based on the monthly activity reports are made and any adjustments are reflected in the amounts billed to the federal program. Costs charged to federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show that the differences between budgeted and actual costs are less than 10 percent.

The Department of Public Safety (Department) uses estimates to determine its payroll charges on a monthly basis and then performs reconciliations between the estimated time and actual time employees worked on each federal award so that it can process necessary adjustments. **However, during fiscal year 2013, the Department did not**

PUBLIC SAFETY, DEPARTMENT OF

perform quarterly activity report reconciliations in a timely manner. The Department did not begin its reconciliation process for the Fire Management Assistance Grant program until June 2013 and did not perform reconciliations for the July 2013 and August 2013 pay periods until December 2013. Not performing reconciliations in a timely manner could delay the identification of required adjustments and result in questioned costs.

Indirect Costs

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

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

In 2009, the Department hired a third-party vendor to develop an IDCRP on its behalf based on its fiscal year 2007 expenditures. However, the Department did not submit that IDCRP to the federal cognizant agency until February 2012. The Federal Emergency Management Agency (FEMA) approved the IDCRP in May 2012. The IDCRP included a fixed rate of 55.59 percent for fiscal years 2008 and 2009, and that same rate on a provisional basis for periods after fiscal year 2009. **However, the Department did not retain sufficient support for its IDCRP for auditors to test the accuracy of the indirect cost rate.** As a result, auditors could not determine whether the indirect cost rate approved in May 2012 was accurate. **The Department's next IDCRP was due in February 2013. However, the Department was still in the process of completing this proposal at the close of fiscal year 2013.** During fiscal year 2013, the Department drew federal Fire Management Assistance Grant program funds for indirect costs using the provisional rate of 55.59 percent on the previous indirect cost rate agreement.

For 12 (80 percent) of 15 indirect cost revenue transactions tested, the Department inaccurately recorded the revenue. For those transactions, the Department drew down funds for indirect costs but did not record the receipt of those funds as indirect cost revenue. Auditors identified \$557 in indirect costs that the Department drew down but recorded as direct cost revenue. That error occurred because the Department had not established appropriate index funds within its accounting system at the time of the drawdown. Those transactions did not result in questioned costs.

The Department processed all 12 transactions on the same drawdown request and deposit document. The Department does not record indirect cost expenditures in its accounting system during the course of a fiscal year; instead, it processes adjusting journal entries at the close of the fiscal year to record indirect cost expenditures on its Schedule of Expenditures of Federal Awards. As a result, errors in recording deposits could affect the accuracy of the adjusting journal entries and the Department's financial reporting.

The payroll issues identified discussed affected the following awards:

<u>Disaster Number</u>	<u>Award Number</u>	<u>Disaster Declaration Date</u>
2785	2785FMTXP00000001	August 7, 2008
2794	2794FMTXP00000001	February 25, 2009
2795	2795FMTXP00000001	February 27, 2009
2796	2796FMTXP00000001	February 28, 2009
2797	2797FMTXP00000001	March 3, 2009
2798	2798FMTXP00000001	March 5, 2009
2800	2800FMTXP00000001	March 20, 2009
2801	2801FMTXP00000001	April 3, 2009
2802	2802FMTXP00000001	April 4, 2009
2803	2803FMTXP00000001	April 5, 2009
2804	2804FMTXP00000001	April 7, 2009
2805	2805FMTXP00000001	April 10, 2009
2806	2806FMTXP00000001	April 10, 2009

PUBLIC SAFETY, DEPARTMENT OF

<u>Disaster Number</u>	<u>Award Number</u>	<u>Disaster Declaration Date</u>
2807	2807FMTXP00000001	April 10, 2009
2810	2810FMTXP00000001	April 10, 2009
2814	2814FMTXP00000001	April 10, 2009
2867	2867FMTXP00000001	March 11, 2011
2870	2870FMTXP00000001	March 12, 2011
2881	2881FMTXP00000001	April 3, 2011
2882	2882FMTXP00000001	April 5, 2011
2884	2884FMTXP00000001	April 9, 2011
2885	2885FMTXP00000001	April 9, 2011
2886	2886FMTXP00000001	April 9, 2011
2888	2888FMTXP00000001	April 15, 2011
2889	2889FMTXP00000001	April 15, 2011
2891	2891FMTXP00000001	April 15, 2011
2892	2892FMTXP00000001	April 15, 2011
2893	2893FMTXP00000001	April 16, 2011
2894	2894FMTXP00000001	April 16, 2011
2895	2895FMTXP00000001	April 16, 2011
2896	2896FMTXP00000001	April 17, 2011
2898	2898FMTXP00000001	April 17, 2011
2899	2899FMTXP00000001	April 21, 2011
2901	2901FMTXP00000001	April 27, 2011
2903	2903FMTXP00000001	April 29, 2011
2904	2904FMTXP00000001	April 30, 2011
2905	2905FMTXP00000001	April 30, 2011
2906	2906FMTXP00000001	May 8, 2011
2908	2908FMTXP00000001	May 9, 2011
2910	2910FMTXP00000001	May 24, 2011
2911	2911FMTXP00000001	May 29, 2011
2912	2912FMTXP00000001	May 29, 2011
2913	2913FMTXP00000001	May 29, 2011
2914	2914FMTXP00000001	June 2, 2011
2916	2916FMTXP00000001	June 3, 2011
2922	2922FMTXP00000001	June 16, 2011
2924	2924FMTXP00000001	June 17, 2011
2925	2925FMTXP00000001	June 18, 2011
2926	2926FMTXP00000001	June 18, 2011
2927	2927FMTXP00000001	June 20, 2011
2928	2928FMTXP00000001	June 20, 2011
2929	2929FMTXP00000001	June 20, 2011
2930	2930FMTXP00000001	June 21, 2011
2931	2931FMTXP00000001	June 21, 2011
2937	2937FMTXP00000001	July 11, 2011
2949	2949FMTXP00000001	August 15, 2011
2952	2952FMTXP00000001	August 30, 2011
2957	2957FMTXP00000001	September 4, 2011
2958	2958FMTXP00000001	September 4, 2011
2959	2959FMTXP00000001	September 5, 2011
2960	2960FMTXP00000001	September 5, 2011
2962	2962FMTXP00000001	September 6, 2011
2963	2963FMTXP00000001	September 6, 2011
2964	2964FMTXP00000001	September 6, 2011
2965	2965FMTXP00000001	September 6, 2011
2967	2967FMTXP00000001	September 8, 2011
2968	2968FMTXP00000001	September 9, 2011
2976	2976FMTXP00000001	April 30, 2012

PUBLIC SAFETY, DEPARTMENT OF

The indirect cost issues discussed above affected the following awards:

<u>Disaster Number</u>	<u>Award Number</u>	<u>Disaster Declaration Date</u>
2794	2794FMTXP00000001	February 25,2009
2795	2795FMTXP00000001	February 27, 2009
2796	2796FMTXP00000001	February 28, 2009
2797	2797FMTXP00000001	March 3, 2009
2798	2798FMTXP00000001	March 5, 2009
2800	2800FMTXP00000001	March 20, 2009
2801	2801FMTXP00000001	April 3, 2009
2802	2802FMTXP00000001	April 4, 2009
2803	2803FMTXP00000001	April 5, 2009
2804	2804FMTXP00000001	April 7, 2009
2805	2805FMTXP00000001	April 10, 2009
2806	2806FMTXP00000001	April 10, 2009
2807	2807FMTXP00000001	April 10, 2009
2810	2810FMTXP00000001	April 10, 2009
2814	2814FMTXP00000001	April 10, 2009

Recommendations:

The Department should:

- Perform quarterly comparisons of actual payroll activity with estimated activity and ensure that payroll charges reflect an after-the-fact distribution of the actual activity of each employee.
- Submit an updated IDCRCR to its federal cognizant agency and retain adequate documentation of its proposed indirect cost rate.
- Record indirect cost revenues accurately in its accounting system.

Management Response and Corrective Action Plan:

The Department agrees with the finding.

Payroll

As noted, the agency implemented a process to determine payroll charges midway through Fiscal Year 2013, and will continue to refine the process.

Indirect

DPS discontinued use of indirect rates midway through the fiscal year. DPS has submitted an updated indirect cost rate that is currently being negotiated with FEMA.

Implementation Date: May 2014

Responsible Person: Maureen Coulehan

PUBLIC SAFETY, DEPARTMENT OF

Reference No. 2013-113

Cash Management

CFDA 97.046 – Fire Management Assistance Grant

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

A state must minimize the time between the drawdown of federal funds from the federal government and its disbursement of funds for federal program purposes. The timing and amount of funds transfers must be as close as is administratively feasible to a state’s actual cash outlay (Title 31, Code of Federal Regulations (CFR), Section 205.33). When advance payment procedures are used, recipients must establish similar procedures for subrecipients. Pass-through entities must monitor cash drawdowns by their subrecipients to ensure that subrecipients conform substantially to the same standards of timing and amount as apply to the pass-through entity (Title 44, CFR, Section 13.20(b)(7)).

Questioned Cost:	\$0
U.S. Department of Homeland Security – Federal Emergency Management Agency	

For 4 (6 percent) of 63 drawdowns tested, the Department of Public Safety (Department) did not minimize the time between its drawdown and disbursement of federal funds. The Department disbursed funds from those 4 drawdowns between 17 and 31 days after it received those funds. Those errors occurred because the Department does not have a sufficient process to minimize the time between its drawdowns of federal funds and the disbursement of those funds for the Fire Management Assistance Grant program.

Additionally, for 2 (17 percent) of 12 subrecipients tested, the Department did not obtain sufficient documentation to ensure that subrecipients minimized the time between their receipt of funds and the disbursement of those funds. The Department’s procedures do not require subrecipients to provide documentation to support that they are minimizing the time between receipt and disbursement of federal funds. As a result, auditors could not verify whether those subrecipients minimized that time or whether they earned interest on advanced funds. Insufficient monitoring of subrecipients increases the risk that the Department would not detect subrecipients’ non-compliance with cash management requirements.

The cash management issues discussed above affected the following awards:

<u>Disaster Number</u>	<u>Award Number</u>	<u>Disaster Declaration Date</u>
2867	2867FMTXP00000001	March 11, 2011
2870	2870FMTXP00000001	March 12, 2011
2884	2884FMTXP00000001	April 9, 2011
2885	2885FMTXP00000001	April 9, 2011
2888	2888FMTXP00000001	April 15, 2011
2892	2892FMTXP00000001	April 5, 2011
2913	2913FMTXP00000001	May 29, 2011
2926	2926FMTXP00000001	June 18, 2011
2958	2958FMTXP00000001	September 4, 2011
2959	2959FMTXP00000001	September 5, 2011
2962	2962FMTXP00000001	September 6, 2011
2963	2963FMTXP00000001	September 6, 2011
2968	2968FMTXP00000001	September 9, 2011

Recommendations:

The Department should:

- Minimize the time between its drawdowns of federal funds and its disbursement of those funds.
- Strengthen controls over subrecipient monitoring to help ensure that its subrecipients minimize the time between receipt and disbursement of federal funds.

Management Response and Corrective Action Plan:

The Department agrees with the finding.

Cash Management

DPS implemented a Cash management policy August 1st, 2013. Although the policy has decreased the amount of time between deposit and disbursement, the sample for this audit included transactions that were processed prior to the implementation of the new policy.

Subrecipient Monitoring

Controls will be updated to include a notice to subrecipients on cash management rules for advances and for monitoring of their compliance.

Implementation Date: May 2014

Responsible Persons: Maureen Coulehan and Paula Logan

Reference No. 2013-114

Eligibility

CFDA 97.046 – Fire Management Assistance Grant

Award year – September 6, 2011

Award number – 2962FMTXP00000001

Type of finding –Significant Deficiency and Non-Compliance

Federal rules specify that the State is responsible for assisting the Federal Emergency Management Agency (FEMA) in determining applicant eligibility for Fire Management Assistance Grant awards. The following entities are eligible to apply for a subaward: state agencies, local governments, and Indian tribal governments. Entities that are not eligible to apply for a subaward, such as privately owned entities and volunteer firefighting organizations, may be reimbursed through a contract or compact with an eligible applicant for eligible costs associated with the fire or fire complex. The activities performed must be the legal responsibility of the applying entity, required as the result of the declared fire, and located within the designated area (Title 44, Code of Federal Regulations, Sections 204.41 and 204.51).

Questioned Cost: \$6,534

U.S. Department of Homeland Security – Federal Emergency Management Agency

For 1 (8 percent) of 12 subrecipients tested, the subrecipient was not eligible to receive a Fire Management Assistance Grant program award because it was a fire department that was not associated with a state or local government and used volunteer labor. The Department of Public Safety (Department) did not maintain documentation that it reviewed that subrecipient’s eligibility for an award. However, both the Department and FEMA approved that subrecipient’s project worksheet. Because of the large number of fires declared during the 2011 fire season, the Department played a decreased role in the application and award process. The Department made \$6,534 in payments to that subrecipient in fiscal year 2013, and that amount was considered a questioned cost. Not verifying the eligibility of all applying entities increases the risk that the Department could award federal funds to ineligible subrecipients.

Recommendation:

The Department should ensure that subrecipients meet all eligibility requirements before granting subawards and retain documentation of its eligibility determinations.

Management Response and Corrective Action Plan:

The Department agrees with the finding and will assure current processes are followed on all future FMAGs.

Implementation Date: February 2014

Responsible Person: Paula Logan

Reference No. 2013-115

Period of Availability of Federal Funds

CFDA 97.046 – Fire Management Assistance Grant

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

For the Fire Management Assistance Grant program, all eligible work and related costs must be associated with the incident period of a declared fire (Title 44, Code of Federal Regulations (CFR) Section 204.42). Administrative costs should be incurred within the performance period, which is the period of time during which the grantee and all subgrantees are expected to submit all eligible costs and have those costs processed, obligated, and closed out by the Federal Emergency Management Agency (FEMA) (Title 44, CFR, Section 204.3). Additionally, a grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the performance period. (Title 44, CFR, Section 13.23).

Questioned Cost:	\$9,687
U.S. Department of Homeland Security – Federal Emergency Management Agency	

Because of the large number of declared fires during the 2011 fire season, the Department of Public Safety (Department) required additional time to write project worksheets and submit project costs to FEMA for obligation. The Department formally requested extensions for all 2011 Fire Management Assistance Grant program declarations in August 2012, extending the latest performance period for any declaration to January 2013.

The Department charged direct costs after the performance period for its 2011 awards. Specifically:

- For all 11 monthly payroll transactions tested, the underlying obligations included payroll charges for pay periods that were after the award performance period. For nine of those transactions, the Department also did not liquidate the underlying obligations within the required time period. The pay periods for those transactions ranged from September 2012 to August 2013, while the performance period end dates for the associated awards ranged from January 2010 to January 2013. Those errors resulted in \$9,687 in questioned costs.
- For 1 (2 percent) of 60 non-payroll direct expenditures tested, the Department did not liquidate the underlying obligation within the required time period. The performance period for that expenditure ended in January 2013, but the Department did not pay that expenditure until July 2013. Because the Department incurred the obligation within the performance period, that expenditure was not considered a questioned cost.

The Department's review and approval of project expenditures was not effective in ensuring compliance with period of availability requirements for its awards. The Department asserted that it received an informal approval from FEMA to extend the performance period for all 2011 Fire Management Assistance Grant Program declarations to November 30, 2013. However, the Department could not provide documentation that FEMA approved or communicated that date to the Department. Additionally, Department staff responsible for processing and approving program expenditures do not retain a complete list of approved performance periods for Fire Management Assistance Grant program awards.

PUBLIC SAFETY, DEPARTMENT OF

The period of availability issues discussed above affected the following awards:

Disaster Number	Award Number	Disaster Declaration Date	Questioned Costs
2785	2785FMTXP00000001	August 7, 2008	\$ 0
2794	2794FMTXP00000001	February 25, 2009	0
2795	2795FMTXP00000001	February 27, 2009	0
2796	2796FMTXP00000001	February 28, 2009	0
2797	2797FMTXP00000001	March 3, 2009	0
2798	2798FMTXP00000001	March 5, 2009	0
2800	2800FMTXP00000001	March 20, 2009	0
2801	2801FMTXP00000001	April 3, 2009	0
2802	2802FMTXP00000001	April 4, 2009	0
2803	2803FMTXP00000001	April 5, 2009	0
2804	2804FMTXP00000001	April 7, 2009	0
2805	2805FMTXP00000001	April 10, 2009	0
2806	2806FMTXP00000001	April 10, 2009	0
2807	2807FMTXP00000001	April 10, 2009	0
2810	2810FMTXP00000001	April 10, 2009	0
2814	2814FMTXP00000001	April 10, 2009	0
2867	2867FMTXP00000001	March 11, 2011	141
2870	2870FMTXP00000001	March 12, 2011	198
2881	2881FMTXP00000001	April 3, 2011	153
2882	2882FMTXP00000001	April 5, 2011	141
2884	2884FMTXP00000001	April 9, 2011	190
2885	2885FMTXP00000001	April 9, 2011	568
2886	2886FMTXP00000001	April 9, 2011	142
2888	2888FMTXP00000001	April 15, 2011	713
2889	2889FMTXP00000001	April 15, 2011	192
2891	2891FMTXP00000001	April 15, 2011	120
2892	2892FMTXP00000001	April 15, 2011	437
2893	2893FMTXP00000001	April 16, 2011	142
2894	2894FMTXP00000001	April 16, 2011	165
2895	2895FMTXP00000001	April 16, 2011	117
2896	2896FMTXP00000001	April 17, 2011	141
2898	2898FMTXP00000001	April 17, 2011	165
2899	2899FMTXP00000001	April 21, 2011	141
2901	2901FMTXP00000001	April 27, 2011	88
2903	2903FMTXP00000001	April 29, 2011	239
2904	2904FMTXP00000001	April 30, 2011	88
2905	2905FMTXP00000001	April 30, 2011	88
2906	2906FMTXP00000001	May 8, 2011	281
2908	2908FMTXP00000001	May 9, 2011	141
2910	2910FMTXP00000001	May 24, 2011	188
2911	2911FMTXP00000001	May 29, 2011	130
2912	2912FMTXP00000001	May 29, 2011	248
2913	2913FMTXP00000001	May 29, 2011	194
2914	2914FMTXP00000001	June 2, 2011	218
2916	2916FMTXP00000001	June 3, 2011	241
2922	2922FMTXP00000001	June 16, 2011	255
2924	2924FMTXP00000001	June 17, 2011	150
2925	2925FMTXP00000001	June 18, 2011	174
2926	2926FMTXP00000001	June 18, 2011	197
2927	2927FMTXP00000001	June 20, 2011	197
2928	2928FMTXP00000001	June 20, 2011	197
2929	2929FMTXP00000001	June 20, 2011	174
2930	2930FMTXP00000001	June 21, 2011	150

PUBLIC SAFETY, DEPARTMENT OF

Disaster Number	Award Number	Disaster Declaration Date	Questioned Costs
2931	2931FMTXP00000001	June 21, 2011	173
2937	2937FMTXP00000001	July 11, 2011	174
2949	2949FMTXP00000001	August 15, 2011	113
2952	2952FMTXP00000001	August 30, 2011	286
2957	2957FMTXP00000001	September 4, 2011	23
2958	2958FMTXP00000001	September 4, 2011	320
2959	2959FMTXP00000001	September 5, 2011	141
2960	2960FMTXP00000001	September 5, 2011	141
2962	2962FMTXP00000001	September 6, 2011	141
2963	2963FMTXP00000001	September 6, 2011	0
2964	2964FMTXP00000001	September 6, 2011	72
2965	2965FMTXP00000001	September 6, 2011	317
2967	2967FMTXP00000001	September 8, 2011	141
2968	2968FMTXP00000001	September 9, 2011	141
2976	2976FMTXP00000001	April 30, 2012	0
		Total	<u>\$ 9,687</u>

Recommendations:

The Department should:

- Charge expenditures only within the performance period and liquidate obligations within the required time frames.
- Develop and retain a complete list of approved performance periods for its Fire Management Assistance Grant Program awards.

Management Response and Corrective Action Plan:

The Department agrees with the finding.

Period of performance will be monitored for expenditures and liquidation of obligations will be done timely on all future FMAGs.

Implementation Date: February 2014

Responsible Persons: Maureen Coulehan and Paula Logan

Reference No. 2013-116

**Procurement and Suspension and Debarment
Subrecipient Monitoring**

CFDA 97.046 – Fire Management Assistance Grant

Award years – See below

Award numbers – See below

Type of finding – Material Weakness and Material Non-Compliance

The Department of Public Safety (Department) is required by Office of Management and Budget (OMB) Circular A-133, Section .400, to monitor subrecipients' use of federal awards to provide reasonable assurance that subrecipients administer federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Questioned Cost:	\$0
U.S. Department of Homeland Security – Federal Emergency Management Agency	

In fiscal year 2013, the Department passed through \$59,621,025 in Fire Management Assistance Grant program funds to its subrecipients.

Pre-award Monitoring

At the time of the award, pass-through entities must identify to subrecipients the applicable compliance requirements and the federal award information, including the Catalog of Federal Domestic Assistance (CFDA) title and number, the federal award name and number, the name of the federal awarding agency, and whether the award is research and development (OMB Circular A-133, Section .400(d)).

Additionally, federal rules require that, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity and its principals are not suspended or debarred or otherwise excluded from federal contracts. That verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity. Covered transactions include all nonprocurement transactions irrespective of award amount (Title 2, CFR, Section 3000).

Beginning October 1, 2010, an agency may not make an award to an entity until it has obtained a valid Data Universal Numbering System (DUNS) number for that entity (Title 2, CFR, Sections 25.105 and 25.205).

The Department communicates federal award information to subrecipients on an application for federal assistance and requires that subrecipients sign various assurances to ensure that they are aware of award information and applicable federal compliance requirements. The assurances also serve as the subrecipients' certification that they are not suspended or debarred from participating in federal contracts.

For all 12 of the subrecipients tested, the Department did not include all required elements in its subaward agreements and did not obtain subrecipient DUNS numbers. Specifically:

- For 6 (50 percent) of 12 subrecipients tested, the Department could not provide evidence that the subrecipients received and signed all award documents prior to the subawards. As a result, the Department (1) did not communicate applicable compliance requirements and federal award information to the subrecipients, (2) did not ensure that the subrecipients and their principals were not suspended or debarred from participation in federal awards, and (3) did not obtain valid DUNS numbers for the subrecipients prior to issuing the subawards.
- For the other 6 subrecipients tested, the Department did not identify the CFDA number on the subrecipients' application documents and did not obtain a DUNS number for the subrecipients prior to making the subawards. Additionally, the Department did not ensure that the subrecipients' principals were not suspended or debarred from participation in federal awards.

Inadequate identification of federal awards to subrecipients could lead to inaccurate reporting of federal funding on a subrecipient's schedule of expenditures of federal awards. Not verifying that subrecipients or their principals are not suspended or debarred from participation in federal awards increases the risk that the Department could enter into awards with ineligible parties. Not obtaining DUNS numbers prior to making a subaward could lead to inaccurate federal reporting.

During-the-award Monitoring

Recipients of Fire Management Assistance Grant program funds are required to monitor grant-supported and subgrant-supported activities to ensure compliance with applicable federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function, or activity (Title 44, CFR, Section 13.40). The Department monitors subrecipient activities through review and approval of project worksheets and reimbursement requests and collection of project completion reports.

The Department's procedures for monitoring subrecipients were not adequate to ensure compliance with federal requirements. Specifically:

PUBLIC SAFETY, DEPARTMENT OF

- For 3 (25 percent) of 12 subrecipients tested, the Department did not effectively monitor to ensure that the subrecipients spent funds on allowable costs and activities. For those subrecipients, the Department could not provide evidence that it reviewed and approved the subrecipients' project worksheets.
- For 3 (25 percent) of 12 subrecipients tested, the Department did not receive the project worksheets until after the subawards' performance periods. That occurred because the Department does not have established procedures for subrecipients to request extensions for project worksheets.
- For 11 (92 percent) of 12 subrecipients tested, the Department did not obtain the subrecipients' signed project completion reports upon completion of all approved work. The Department could not confirm whether the subrecipients had ever submitted those reports.
- For all 7 subrecipients tested that were not required to obtain an OMB Circular A-133 Single Audit, the Department could not provide evidence that it applied alternate monitoring techniques, such as project audits. That occurred because the Department does not have established procedures for monitoring subrecipients that are not required to obtain a Single Audit.

Insufficient during-the-award period monitoring increases the risk that the Department may not detect subrecipients' non-compliance with federal requirements.

The issues discussed above affected the following awards:

<u>Disaster Number</u>	<u>Award Number</u>	<u>Disaster Declaration Date</u>
2870	2870FMTXP00000001	March 12, 2011
2885	2885FMTXP00000001	April 9, 2011
2888	2888FMTXP00000001	April 15, 2011
2913	2913FMTXP00000001	May 29, 2011
2926	2926FMTXP00000001	June 18, 2011
2958	2958FMTXP00000001	September 4, 2011
2959	2959FMTXP00000001	September 5, 2011
2962	2962FMTXP00000001	September 6, 2011
2963	2963FMTXP00000001	September 6, 2011
2968	2968FMTXP00000001	September 9, 2011

Recommendations:

The Department should:

- Communicate all relevant federal award information and applicable compliance requirements to subrecipients and maintain subaward documentation for its monitoring records.
- Retain documentation of its verification that subrecipients and subrecipients' principals are not suspended or debarred from participation in federal awards.
- Obtain valid DUNS numbers from its subrecipients prior to issuing subawards.
- Perform effective review of project worksheets to ensure that subrecipient expenditures are for allowable costs incurred within the subaward performance period.
- Develop and implement procedures for subrecipients to request extensions for submitting project worksheets.
- Obtain signed project completion reports from all subrecipients upon completion of approved work.
- Develop and implement procedures to monitor subrecipients that are not required to obtain a Single Audit.

Management Response and Corrective Action Plan:

The Department agrees with the finding.

New rules have been drafted to address these recommendations and will be implemented on all future FMAGs.

Implementation Date: May 2014

Responsible Person: Paula Logan

Reference No. 2013-117

Reporting

CFDA 97.046 – Fire Management Assistance Grant

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

Financial Reporting

Recipients are responsible for managing, monitoring, and reporting performance for each program, subaward, function, or activity supported by the award. Recipients use the Federal Financial Report SF-425 to report financial activity on a quarterly basis. The U.S. Office of Management and Budget provides specific instructions for completing the SF-425, including definitions of key reporting elements (Title 44, Code of Federal Regulations (CFR), Section 13.41).

Questioned Cost:	\$0
U.S. Department of Homeland Security – Federal Emergency Management Agency	

The Department of Public Safety (Department) did not always ensure that its SF-425 reports included all activity in the reporting period, were supported by applicable accounting records, and were fairly presented in accordance with program requirements. Specifically, for 28 (47 percent) of 60 financial reports tested, the Department inaccurately reported the total recipient share required and the remaining recipient share to be provided. Those errors occurred because the Department used an incorrect methodology to report those amounts. The Department’s methodology for determining the total recipient share required used current expenditures in its calculation instead of the total award amount. That methodology does not produce an accurate amount if all federal obligations for an award have not been liquidated. As a result of those errors, for those 28 reports the Department underreported the total recipient share required and remaining recipient share to be provided by \$4,767,762. Department management reviewed and approved those financial reports; however, that review was not sufficient to detect those errors. Inaccurate information in financial reports increases the risk that federal agencies could rely on inaccurate information to manage and monitor awards.

Federal Funding Accountability and Transparency Act

The Federal Funding Accountability and Transparency Act (Transparency Act) requires prime recipients of federal awards made on or after October 1, 2010, to capture and report subaward and executive compensation data regarding first-tier subawards that equal or exceed \$25,000. Prime recipients are to report subaward information no later than the end of the month following the month in which the obligation was made (Title 2, CFR, Chapter 170). Recipients of awards that are subject to the Transparency Act must report all required elements, including the subaward date, subawardee Dun and Bradstreet Data Universal Numbering System (DUNS) number, amount of subaward, subaward obligation or action date, date of report submission, and subaward number. Additionally, the amount of the subaward is the net dollar amount of federal funds awarded to the subawardee, including modifications (U.S. Office of Management and Budget’s *Open Government Directive - Federal Spending Transparency and Subaward and Compensation Data Reporting, August 27, 2010, Appendix C*).

The Department did not always accurately report key data elements or submit reports within the required time frame. Specifically:

- For 4 (25 percent) of 16 Transparency Act reports tested, the Department underreported the total subaward amount because it did not include amounts for donated resources projects as required. Those errors occurred because the Federal Emergency Management Agency’s Electronic Data Warehouse, which the Department uses to prepare its Transparency Act reports, excludes amounts for donated resources projects.

PUBLIC SAFETY, DEPARTMENT OF

- For 6 (38 percent) of 16 Transparency Act reports tested, the Department did not submit reports within the required time frame. The Department submitted those 6 reports between 16 and 132 days late. During the prior-year audit, auditors communicated to the Department information regarding its noncompliance with Transparency Act requirements. The Department implemented a formal process for Transparency Act reporting in April 2013. For four of those subawards, the Department did not submit the reports in a timely manner because the reports were due prior to the Department’s implementation of a formal process for Transparency Act reporting. For the other two subawards, the Department was not aware that the applicable prime awards were available in the Transparency Act reporting system.

Not submitting accurate Transparency Act reports in a timely manner decreases the reliability and availability of information to the awarding agency and the public.

General Controls

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

The Department did not adequately restrict access to its accounts in the State’s Uniform Statewide Accounting System (USAS). Specifically, four former contractors and employees of the Department still had active accounts in USAS. The Department’s periodic review of user access was not effective in identifying and removing that inappropriate access. Not maintaining appropriate access to USAS increases the risk of unauthorized modification of the Department’s accounting data.

The financial reporting issues discussed above affected the following awards:

<u>Disaster Number</u>	<u>Award Number</u>	<u>Disaster Declaration Date</u>
2806	2806FMTXP00000001	April 10, 2009
2807	2807FMTXP00000001	April 10, 2009
2867	2867FMTXP00000001	March 11, 2011
2870	2870FMTXP00000001	March 12, 2011
2885	2885FMTXP00000001	April 9, 2011
2889	2889FMTXP00000001	April 15, 2011
2896	2896FMTXP00000001	April 17, 2011
2898	2898FMTXP00000001	April 17, 2011
2903	2903FMTXP00000001	April 29, 2011
2904	2904FMTXP00000001	April 30, 2011
2906	2906FMTXP00000001	May 8, 2011
2912	2912FMTXP00000001	May 29, 2011
2916	2916FMTXP00000001	June 3, 2011
2922	2922FMTXP00000001	June 16, 2011
2925	2925FMTXP00000001	June 18, 2011
2926	2926FMTXP00000001	June 18, 2011
2927	2927FMTXP00000001	June 20, 2011
2930	2930FMTXP00000001	June 21, 2011
2931	2931FMTXP00000001	June 21, 2011
2958	2958FMTXP00000001	September 4, 2011
2960	2960FMTXP00000001	September 5, 2011
2962	2962FMTXP00000001	September 6, 2011
2965	2965FMTXP00000001	September 6, 2011

PUBLIC SAFETY, DEPARTMENT OF

The Transparency Act issues discussed above affected the following awards:

<u>Disaster Number</u>	<u>Award Number</u>	<u>Disaster Declaration Date</u>
2886	2886FMTXP00000001	April 9, 2011
2910	2910FMTXP00000001	May 24, 2011
2913	2913FMTXP00000001	May 29, 2011
2929	2929FMTXP00000001	June 20, 2011
2958	2958FMTXP00000001	September 4, 2011
2960	2960FMTXP00000001	September 5, 2011
2964	2964FMTXP00000001	September 6, 2011
2965	2965FMTXP00000001	September 6, 2011

Recommendations:

The Department should:

- Correct its methodology for reporting the total recipient share required in its SF-425 reports by using the total award amount in its calculation instead of current expenditures.
- Submit all required Transparency Act reports accurately and in a timely manner.
- Restrict access to its USAS accounts to current staff whose responsibilities require that access.
- Ensure that its periodic review process is effective and identifies all users whose access needs to be removed.

Management Response and Corrective Action Plan:

The Department agrees with the finding.

SF 425 Reporting

DPS Finance has taken responsibility for SF-425 reporting effective January of 2012 and TDEM is working diligently with Finance to reconcile all open disasters. Finance and TDEM will also correct state match reporting.

Transparency Act Reporting

Processes have been updated to implement change.

USAS

Finance will implement controls to ensure we identify and remove all users whose access needs to be removed.

Implementation Date: May 2014

Responsible Persons: Paula Logan and Sharon Page

Reference No. 2013-118

Activities Allowed or Unallowed

Allowable Costs/Cost Principles

(Prior Audit Issues 13-103, 12-106, 11-107, 10-35, and 09-38)

CFDA 97.067 – Homeland Security Grant Program

Award year – 2010

Award number – 2010-SS-T0-0008

Type of finding – Significant Deficiency and Non-Compliance

Allowable Costs/Cost Principles – Payroll

In accordance with Title 2, Code of Federal Regulations (CFR), Chapter 225, when employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that award or cost objective for the period covered by the certification. Those certifications must be prepared at least semi-annually and signed by the employees or supervisory official having firsthand knowledge of the work performed by the employees. For employees who are expected to work on multiple activities or cost objectives, a distribution of their salaries or wages must be supported by personnel activity reports or equivalent documentation that:

Questioned Cost: \$77,732

U.S. Department of Homeland
Security – Federal
Emergency Management
Agency

- Reflects an after-the-fact distribution of the actual activity of each employee.
- Accounts for the total activity for which each employee is compensated.
- Is prepared at least monthly and must coincide with one or more pay periods.
- Is signed by the employee.

Budget estimates or other distribution percentages that are developed before services are performed do not qualify as support for charges to federal awards but may be used for interim purposes, provided that at least quarterly comparisons of actual costs to budgeted distributions based on the monthly activity reports are made and any adjustments are reflected in the amounts billed to the federal program. Costs charged to federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show that the differences between budgeted and actual costs are less than 10 percent.

The Department of Public Safety (Department) uses estimates to determine its payroll charges on a monthly basis and then performs reconciliations between the estimated time and actual time employees worked on each federal award so that it can process necessary adjustments.

The Department did not always perform quarterly activity report reconciliations accurately or in a timely manner. Specifically:

- For 2 (3 percent) of 65 payroll charges tested, the Department based the charges on budget estimates and did not reconcile the charge amounts to reflect actual time. Therefore, those payroll charges did not reflect an after-the-fact distribution of the actual activity of each employee, resulting in questioned costs of \$5,059. Those errors occurred because the employees were not included in the report the Department uses in its reconciliation between estimated and actual time.
- For 2 (3 percent) of 65 payroll transactions tested, the Department incorrectly calculated the necessary payroll adjustment based on its activity report reconciliation. Those errors occurred because the Department used the incorrect time periods when performing its reconciliation, which resulted in a net questioned cost of \$401.
- The Department did not begin its fiscal year 2013 reconciliation process for the Homeland Security Grant Program until April 2013. Not performing reconciliations in a timely manner could delay the identification of required adjustments and result in questioned costs.

Allowable Costs/Cost Principles – Non-payroll

The Office of Management and Budget (OMB) requires that costs be allocable to federal awards under the provisions of Title 2, CFR, Chapter 225. Any cost allocable to a particular federal award or cost objective may not be charged to other federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the federal awards, or for other reasons. Additionally, to be allowable under federal awards, costs must be adequately documented (Title 2, CFR, Chapter 225).

Twenty (31 percent) of 65 non-payroll expenditures tested that the Department charged to the 2010 Homeland Security Grant Program were not solely allocable to that program. Specifically:

- Two of those expenditures were for temporary staffing charges; however, the supporting documentation from the vendor did not identify the grant programs that benefited from the work performed. The Department did not have a policy requiring the vendor to submit adequate documentation specifying the grant programs that benefited, which is necessary to appropriately allocate costs. Those errors resulted in \$630 in questioned costs.
- Eighteen of those expenditures were management and administrative (M&A) costs that benefited the State Administrative Agency (SAA), which manages and administers multiple federal grant programs. Those costs could have benefited other grant programs, but the Department charged them solely to the Homeland Security Grant Program. Those errors resulted in \$71,642 in questioned costs. The Department asserted that it implemented a process to allocate M&A charges among the programs SAA administers in August 2013; however, all of the transactions tested were processed before the Department implemented that process. Approximately 16 percent of funds the SAA manages relate to non-Homeland Security Grant Program federal awards.

In addition to the Homeland Security Grant Program, the SAA also manages funds for the following federal programs:

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

Recommendations:

The Department should:

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

Management Response and Corrective Action Plan:

The Department concurs with the findings.

The THSSAA and Finance will evaluate existing “true up” processes to determine changes necessary to ensure payroll charges reflect an after-the-fact distribution of the actual activity of each employee. Appropriate adjustments for the expenditures identified during the audit are in the process of being made.

As a result of a similar finding last year, the Department established a work group to develop a standard form for the tracking and charging of temporary staffing time. The charges included in the audit sample predated implementation of this form. The THSSAA now reviews this form when approving temporary staffing charges to the homeland security grants.

The division implemented an allocation system on August 1, 2013 to charge management and administrative costs proportionally to all grants when the costs could not be specifically identified to a specific grant. The Homeland Security Grant Cluster accounts for a minimum of 95% of the M & A activity.

Implementation Date: April 2014

Responsible Persons: Mabelle Pharr and Maureen Coulehan

Reference No. 2013-119

Reporting

(Prior Audit Issue 13-107)

CFDA 97.067 – Homeland Security Grant Program

Award years – 2011 and 2012

Award numbers – EMW-2011-SS-00019 and EMW-2012-SS-00018

Type of finding – Significant Deficiency and Non-Compliance

Federal Funding Accountability and Transparency Act

The Federal Funding Accountability and Transparency Act (Transparency Act) requires prime recipients of federal awards made on or after October 1, 2010, to capture and report subaward and executive compensation data regarding first-tier subawards that equal or exceed \$25,000. Prime recipients are to report subaward information no later than the end of the month following the month in which the obligation was made (Title 2, Code of Federal Regulations, Chapter 170).

Questioned Cost:	\$0
U.S. Department of Homeland Security – Federal Emergency Management Agency	

Recipients of awards that are subject to the Transparency Act must report all required elements, including the subaward date, subawardee Dun and Bradstreet Data Universal Numbering System (DUNS) number, amount of subaward, subaward obligation or action date, date of report submission, and subaward number. The subaward obligation date is defined as the date the subaward agreement is signed. Additionally, the amount of the subaward is the net dollar amount of federal funds awarded to the subawardee, including modifications (U.S. Office of Management and Budget’s *Open Government Directive - Federal Spending Transparency and Subaward and Compensation Data Reporting*, August 27, 2010, Appendix C).

The Department of Public Safety (Department) did not always accurately report key data elements or submit Transparency Act reports within the required time frame. Specifically:

- For 25 (50 percent) of 50 Transparency Act reports tested, the Department did not accurately report the subaward obligation date. Those errors occurred because the Department did not have a consistent process for determining the obligation date to report.
- For 25 (76 percent) of 33 Transparency Act reports tested that were due in fiscal year 2013, the Department did not report the subaward within the required time frame. Additionally, the Department submitted other Transparency Act reports in fiscal year 2013 that were due in a previous fiscal year. During the prior-year audit, auditors communicated to the Department information regarding its noncompliance with Transparency Act requirements. The Department implemented a formal process for Transparency Act reporting in April 2013. That process decreased, but did not eliminate, instances of noncompliance with federal requirements.

Not submitting accurate Transparency Act reports in a timely manner decreases the reliability and availability of information to the awarding agency and the public.

General Controls

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

The Department did not adequately restrict access to its accounts in the State's Uniform Statewide Accounting System (USAS). Specifically, four former contractors and employees of the Department still had active accounts in USAS. The Department's periodic review of user access was not effective in identifying and removing that inappropriate access. Not maintaining appropriate access to USAS increases the risk of unauthorized modification of the Department's accounting data.

Recommendations:

The Department should:

- Develop and implement a consistent process for determining the subaward obligation date it reports in its Transparency Act reports.
- Submit all required Transparency Act reports within the required time frames.
- Restrict access to its USAS accounts to current staff whose responsibilities require that access.
- Ensure that its periodic review process is effective and identifies all users whose access needs to be removed.

Management Response and Corrective Action Plan:

The Department concurs with the finding.

The award date included on the report reflected the date of the most recent change to the award rather than the original award date. We have terminated that process effective December 15, 2013. The SOP has also been updated to reflect this change.

As noted, the FFATA reporting process was finalized in April 2013. A report is now run the middle of each month to obtain changes for the previous month and the FFA TA report is submitted prior to the end of the month. The SOP has been updated to reflect the new process.

USAS

Finance will implement controls to ensure we identify and remove all users whose access needs to be removed.

Implementation Date: December 2013

Responsible Persons: Machele Pharr and Sharon Page

PUBLIC SAFETY, DEPARTMENT OF

Reference No. 2013-120

Subrecipient Monitoring

(Prior Audit Issues 13-108, 12-109, 11-111, 10-37 and 09-43)

CFDA 97.067 – Homeland Security Grant Program

Award years – 2009, 2010, 2011, and 2012

Award numbers – 2009-SS-T9-0064, 2010-SS-T0-0008, EMW-2011-SS-00019, and EMW-2012-SS-00018

Type of finding – Significant Deficiency and Non-Compliance

The Department of Public Safety (Department) is required by Office of Management and Budget (OMB) Circular A-133, Section .400, to monitor the activities of subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

In fiscal year 2013, the Department passed through \$137,224,217 in Homeland Security Grant Program funds to its subrecipients.

Questioned Cost: \$0

U.S. Department of Homeland
Security – Federal
Emergency Management
Agency

During-the-award Monitoring

Recipients of Homeland Security Grant Program funds are required to monitor grant-supported and subgrant-supported activities to ensure compliance with applicable federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function, or activity (Title 44, Code of Federal Regulations (CFR), Section 13.40). Specifically, grantees and subgrantees are required to enter into procurement contracts and covered transactions in accordance with program requirements and must not make any award or permit any award at any tier to any party that is debarred or suspended or otherwise excluded from participation in federal assistance programs (Title 44, CFR, Sections 13.35 and 13.36).

For 57 (88 percent) of 65 subrecipients tested, the Department did not monitor the subrecipients' compliance with requirements related to procurement. The Department did not monitor those subrecipients' compliance with procurement requirements because it did not conduct a desk review or site visit for the subrecipients during fiscal year 2013. The Department monitors subrecipient activities related to procurement through desk reviews and site visits. However, the Department asserted that the limited number of monitoring personnel it has reduces the number of site visits and desk reviews it can conduct. During fiscal year 2013, the Department developed a process to monitor subrecipient procurement practices through procedures other than the site visits or desk reviews it performs; however, that process was not in place until August 26, 2013.

Additionally, for 6 of those subrecipients, the Department did not include the subrecipients in the fiscal year 2013 risk assessment it used to select subrecipients for desk reviews and site visits. Those subrecipients were not included because the Department prepared the risk assessment based on a report of subrecipients that received funds in prior grant years, instead of based on all active subrecipients.

Insufficient monitoring of subrecipients' procurement practices during the award period increases the risk that the Department will not detect subrecipients' non-compliance with federal procurement requirements.

Recommendations:

The Department should:

- Monitor subrecipient compliance with federal procurement regulations for all active subrecipients.
- Include all active subrecipients in its risk assessment for site visits or desk reviews.

Management Response and Corrective Action Plan:

The Department agrees with the finding. The THSSAA revised and issued Information Bulletin (IB) 11-005 on August 2, 2013. Beginning with reimbursement/hardship advance requests submitted after August 23, 2013, the

PUBLIC SAFETY, DEPARTMENT OF

revised IB requires the subrecipient to submit a copy of the search from the Excluded Parties List System (EPLS) as proof that the vendor or contractor was not listed on the EPLS prior to making the purchase or entering into a contract. IB 12-003 was also revised effective August 2, 2013 to include the same requirement.

The THSSAA has updated SOP #10-1 — Risk Assessment and Documentation of Rationale for Monitoring Site Selection to include a quarterly review for new subrecipients not included in the initial risk assessment. Any new subrecipients will be assessed for risk using the standard risk assessment methodology described in the Monitoring and Compliance Policy and Procedures document and may include additional criteria (e.g., subrecipient's A-133 Single Audit Report) deemed applicable. A determination will then be made if the planned monitoring visits needs revision.

Implementation Date: January 2014

Responsible Person: Machel Pharr

Sam Houston State University

Reference No. 2013-121

Eligibility

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award number – CFDA 84.063, Federal Pell Grant Program, P063P122301

Type of finding – Significant Deficiency and Non-Compliance

For the federal Pell Grant program, institutions use the payment and disbursement schedules provided each year by the U.S. Department of Education for determining award amounts (Title 34, Code of Federal Regulations (CFR), Section 690.62). Those schedules provide the maximum annual amount a student would receive for a full academic year for a given enrollment status, estimated family contribution (EFC), and cost of attendance (COA). There are separate schedules for three-quarter-time, half-time, and less-than-half-time students. Additionally, a student’s eligibility for a Pell Grant must first be determined and considered before the student is awarded other assistance, such as Direct Subsidized or Direct Unsubsidized loans (Title 34, CFR, Section 685.200). Students who are enrolled less-than-half-time are eligible for Pell based on the Pell disbursement tables, which include calculations based on less-than-half-time enrollment. Institutions do not have the discretion to refuse to provide Pell funds to an eligible part-time student, including during a summer term or intersession (U.S. Department of Education 2012-2013 *Federal Student Aid Handbook*).

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

An institution must establish a reasonable satisfactory academic progress (SAP) policy for determining whether an otherwise eligible student is making satisfactory academic progress in his or her educational program and may receive assistance under the Title IV, Higher Education Act programs. The Secretary of the U.S. Department of Education considers the institution’s SAP policy to be reasonable if it meets certain conditions. To be considered reasonable, the policy must be at least as strict as the policy the institution applies to a student who is not receiving federal financial assistance and provide for consistent application of standards to all students within categories of students (for example, full-time, part-time, undergraduate, and graduate students). The policy also must specify the grade point average that a student must achieve at each evaluation and the pace at which a student must progress through his or her educational program. An institution calculates the pace at which a student is progressing by dividing the cumulative number of hours the student has successfully completed by the cumulative number of hours the student has attempted (Title 34, CFR, Section 668.34).

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student’s COA minus the EFC (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087kk). The phrase “cost of attendance” refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Sam Houston State University (University) did not disburse federal student financial assistance to students enrolled in fewer than six course hours in a semester, even when those students were eligible to receive financial assistance. As a result, for 1 (2 percent) of 60 students tested, the University underawarded the student \$694 in federal Pell Grant assistance for which the student was eligible. That underaward was associated with award number P063P122301.

The University requires that students be enrolled in at least six hours each semester to make satisfactory academic progress toward a degree and be eligible to receive financial aid. The University has implemented a disbursement rule in its financial aid system that prevents disbursement to students who are enrolled in fewer than six hours for a semester. However, that policy contradicts federal requirements related to Pell Grant eligibility determination and does not meet federal requirements for a reasonable SAP policy. As a result, students enrolled in fewer than six course hours may not receive financial assistance for which they are eligible.

Additionally, for 11 (18 percent) of 60 students tested, the University did not determine the students' COA based on tuition and fees normally assessed for students carrying the same academic workload. Those students were enrolled in fewer than six hours in one or more semesters, and the University assigned them COA budgets that did not reflect their actual enrollment. Because the University does not disburse federal student financial assistance to students enrolled in fewer than six hours, it did not have correct COA budgets to assign to those students. Incorrectly calculating COA increases the risk that students may be overawarded or underawarded assistance.

Recommendations:

The University should:

- Award federal Pell Grant funds to eligible part-time students based on the applicable Pell disbursement tables.
- Ensure that its SAP policy meets federal requirements for reasonableness.
- Revise its COA budgets to include a less-than-half-time enrollment category.

Management Response and Corrective Action Plan:

Sam Houston State University acknowledges and agrees with the finding. As of August 2013, Pell was disbursed to all eligible students enrolled in less than half time for the 2012-2013 academic year. Management has modified disbursement rules to allow Pell disbursement for eligible students enrolled in less than half.

Management concurs with the State Auditor's Office (SAO) regarding the Satisfactory Academic Progress Policy (SAP). The SAP policy has been modified as of June 2013 to meet federal requirements for reasonableness. In the future, the Financial Aid and Scholarships Office will conduct an annual review of the policy.

Management recognizes the need for less than half time cost of attendance (COA) budgets. As indicated by the finding, Sam Houston State University identified all affected students and has taken corrective action as necessary. As of August 2013, COA budgets for less than half-time have been implemented. In the future, the Financial Aid and Scholarships Office will conduct an annual, secondary review of both the programmatic and business elements to ensure correct calculations.

*Implementation Dates: SAP-June 2013
 COA-August 2013*

Responsible Person: Lydia T. Hall

Reference No. 2013-122

Special Tests and Provisions – Verification

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award number – CFDA 84.063, Federal Pell Grant Program, P063P122301

Type of finding – Non-Compliance

Verification of Applications

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income (AGI), U.S. income taxes paid, child support paid, food stamps, education credits, IRA deductions, and other untaxed income (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56 and *Federal Register*, Volume 76, Number 134). When the

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

verification of an applicant's eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the student's FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant's financial aid package on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR). For the Federal Pell Grant Program, if an applicant's FAFSA information changes as a result of verification, an institution must recalculate the applicant's Federal Pell Grant on the basis of the EFC on the corrected ISIR and disburse any additional funds under that award (Title 34, CFR, Section 668.59).

For 1 (3 percent) of 40 students tested, Sam Houston State University (University) did not accurately verify all required items on the FAFSA; therefore, it did not subsequently update its records and request an updated ISIR as required. Specifically, the University incorrectly verified that student's education credit amount because of a manual data entry error. As a result, the University overstated the student's EFC by \$46 and underawarded the student \$100 in Pell grants. After auditors brought the error to its attention, the University corrected the error and awarded the student the additional \$100 in Pell grant funds.

Not properly verifying FAFSA information could result in the University overawarding or underawarding student federal financial assistance.

Verification Policies and Procedures

An institution must establish and use written policies and procedures for verifying an applicant's FAFSA information. Those policies 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 EFC changes and results in a change in the applicant's award or loan; (4) the procedures the institution requires an applicant to follow to correct application information determined to be in error; and (5) the procedures for making referrals under Title 34, CFR, Section 668.16. The procedures must provide that the institution shall furnish, in a timely manner, to each applicant selected for verification a clear explanation of (1) the documentation needed to satisfy the verification requirements and (2) the applicant's responsibilities with respect to the verification of application information, including the deadlines for completing required actions and the consequences of failing to complete any required action. An institution's procedures must also provide that an applicant whose FAFSA information is selected for verification is required to complete verification before the institution makes changes to the applicant's cost of attendance or to the values of the data items required to calculate the EFC. (Title 34, CFR, Section 668.53).

The University's written policies and procedures for verifying an applicant's FAFSA information did not include all of the required elements. Specifically, the University's verification policies and procedures did not include:

- The procedures for making referrals under Title 34, CFR, Section 668.16.
- The procedures the institution will follow and the procedures the institution will require an applicant to follow to correct FAFSA information determined to be in error.

Having inadequate policies and procedures increases the risk that the University may not perform verification in accordance with federal requirements and that applicants may not understand their responsibilities when their FAFSAs are verified.

Recommendations:

The University should:

- Accurately verify all required FAFSA information for applicants selected for verification and request updated ISIRs when required.
- Include in its written verification policies and procedures all elements required by Title 34, CFR, Section 668.53.

Management Response and Corrective Action Plan:

Sam Houston State University acknowledges and agrees with the finding. Manual review and entry of data for the verification process allows for human error. Therefore, we have implemented a quality assurance program review of completed verification.

Management has addressed the issue with the employee responsible for making the error for the student in question. While the auditors were on site, the student in question was reviewed, corrections were made, and additional funds were paid to student.

At present, we have re-trained staff, emphasizing the need to carefully review their work. We have implemented the quality assurance review as of November 2013.

Management acknowledges and agrees with the finding that written policy/procedures were lacking required verbiage. As of June 2013, a verification policy/procedure containing the required elements was implemented. Along with the policy/procedure being implemented, the financial aid website and all forms were updated to inform students of the ramifications of not completing the verification process.

*Implementation Dates: Quality Assurance - November 2013
 Policy/Procedure Update - June 2013
 Verification forms/website Update - July 2013*

Responsible Person: Lydia T. Hall

Texas A&M AgriLife Extension Service

Reference No. 2013-123

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

CFDA 10.500 – Cooperative Extension Service
Award year – September 1, 2012 to August 31, 2013
Award number – 2012-41200-04400
Type of finding – Significant Deficiency and Non-Compliance

Direct Costs (Non-payroll)

Allowable costs charged to federal programs must (1) be reasonable; (2) be allocable to sponsored agreements; (3) be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances; and (4) conform to any limitations or exclusions set forth in cost principles or in the sponsored agreement as to types or amounts of cost items (Title 2, Code of Federal Regulations, Section 220, Appendix A, C.2).

Questioned Cost:	\$25,000
U.S. Department of Agriculture	

No portion of Smith-Lever Act funds and Section 1444 funds of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (NARETPA) may be applied directly or indirectly to the purchase, erection, preservation or repair of any building or buildings, or the purchase of rental of land, or in college-course teaching, or lectures in college (Title 7, United States Code, Sections 345 and 3221 (e)).

One (2 percent) of 63 transactions tested at the Texas A&M AgriLife Extension Service (Extension Service) was unallowable according to federal program guidelines. The Extension Service inappropriately charged \$25,000 to award 2012-41200-04400 for the installation of auditorium seating, which was a building renovation. The Extension Service classified the expenditure as “Office Furnishings and Equipment,” which is an allowable use of Smith-Lever Act funds; however, that classification did not accurately describe the expenditure. Using program funds for unallowable activities could hinder achievement of Smith-Lever Act goals.

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 Extension Service did not have sufficient controls over change management testing and migration for its Time and Effort application. Specifically, for 2 (67 percent) of 3 changes to the Time and Effort application tested, the Extension Service did not maintain adequate documentation of its testing or final authorization prior to migrating those changes to the production environment. The Extension Service has general change management policies; however, it does not have specific procedures for change management related to the Time and Effort application. Additionally, the Extension Service did not adequately restrict developers’ access to modify code in the production environment for the Time and Effort application.

Insufficient change management procedures or inadequate segregation of duties among developers increases the risk of unauthorized programming changes being made to critical information systems.

Recommendations:

The Extension Service should:

- Charge only allowable expenditures to federal awards.
- Maintain documentation of all change requests related to critical information systems to support that changes were authorized, tested, and approved prior to migration to the production environment.

- Restrict access to modify code in the production environment for critical information systems to only those individuals who are authorized to perform such tasks.

Management Response and Corrective Action Plan:

The Texas A&M AgriLife Extension Service acknowledges the coding error made on the federal fund and has corrected the entry. The agency will review its coding practices to ensure expenditures are accurately recorded.

Implementation Date: May 2014

Responsible Person: Shiao-Yen Ko

The Texas A&M University System is adding additional access controls to the source control and build system used by the Time and Effort application. This will restrict the building of production software release to only authorized employees. Additionally, the Texas A&M University System will implement better practices for the retention and management of documentation related to testing and authorization of changes in its production environment. Testing plans and results along with final authorization will be electronically captured and attached to each change item. The Texas A&M University system is also in the process of selecting and implementing a new service desk software application. If this software solution provides superior change management processes over the existing process, it will be adopted as the new change management solution.

Implementation Date: March 2014

Responsible Person: Mark Schulz

Reference No. 2013-124

Equipment and Real Property Management

CFDA 10.500 – Cooperative Extension Service

Award years – October 1, 2008 to September 30, 2013; October 1, 2010 to September 30, 2015; and October 1, 2012 to September 30, 2017

Award numbers – 2008-41100-04400, 2011-41100-04400, and 2013-41100-04400

Type of finding – Significant Deficiency and Non-Compliance

A recipient’s property management standards for equipment acquired with federal funds and federally owned equipment shall include all of the following: a description of the equipment; manufacturer’s serial number or other identification number; the source of the equipment, including the award number; whether title vests in the recipient or the federal government; acquisition date and cost; the percentage of federal participation in the cost of the equipment; location and condition of the equipment, unit acquisition cost; and ultimate disposition data for the equipment.

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

A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment (Title 2, Code of Federal Regulations, Section 215.34 (f)).

The Texas A&M University System *Asset Management Manual* requires that all capital items, equipment having a unit value of \$5,000 or more and an estimated useful life of more than one year, and certain assets below the capitalization threshold must be inventoried. An inventory number is to be assigned and permanently affixed to each item prior to the item being placed in use. The inventory number must be permanently affixed to an item promptly

upon receipt and acceptance, but not later than 10 calendar days after receipt, unless prevented by unusual circumstances.

The Texas A&M AgriLife Extension Service (Extension Service) did not always maintain adequate property records for its equipment items or ensure that it adequately safeguarded items. Specifically:

- For 2 (14 percent) of 14 equipment items tested, the Extension Service did not properly safeguard and maintain the equipment. For one of those items, the Extension Service did not update its equipment records to reflect the disposition of that item. Although the item was listed as active in the Extension Service’s equipment records, the Extension Service had disposed of it and transferred it to another state agency. The Extension Service stored the other item in an unsecured location.
- For 1 (7 percent) of 14 equipment items tested, the inventory tag number affixed to the item did not match the tag number assigned to that item in the Extension Service’s property records. The item contained the inventory tag number of a similar item purchased at the same time.
- For 1 (7 percent) of 14 equipment items tested, the Extension Service purchased the item with a detachable trailer; however, it did not create a separate inventory record for the trailer or assign and affix an inventory tag number to the trailer.

Not maintaining accurate property records, not adequately safeguarding equipment, and not assigning inventory tag numbers increases the risk that equipment could be lost, or stolen.

Recommendations:

The Extension Service should:

- Maintain complete and accurate property records for equipment.
- Adequately safeguard its equipment to prevent loss, damage, or theft.
- Tag all capitalized and controlled equipment in accordance with its policy.

Management Response and Corrective Action Plan:

The Texas A&M AgriLife Extension Service will review its practices to ensure procedures are in place to make certain that capitalized and controlled equipment is properly tagged. Units will be reminded to safeguard equipment to mitigate items being lost, stolen, or damaged.

Implementation Date: July 2014

Responsible Person: Cyndie Michalak

Reference No. 2013-125

Procurement and Suspension and Debarment

CFDA 10.500 – Cooperative Extension Service

Award years – July 15, 2010 to July 14, 2013 and September 1, 2012 to August 31, 2013

Award numbers – 2010-45049-20713 and 2013-41510-04400

Type of finding – Significant Deficiency and Non-Compliance

Open and Free Competition

All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. In addition, procurement records and files shall include the following at a minimum: (1) basis for contractor selection, (2) justification for lack of competition when competitive

Questioned Cost:	\$22,981
U.S. Department of Agriculture	

bids or offers are not obtained, and (3) basis for award cost or price (Title 2, Code of Federal Regulations (CFR), Sections, 215.43 and 215.46).

The Texas A&M AgriLife Extension Service's (Extension Service) purchasing procedures require bids for purchases of goods and services of at least \$5,000. Purchases ranging from \$5,000 to \$25,000 may be informally bid, and purchases that exceed \$25,000 must be formally bid. In addition, the procedures state that departments may not split orders to avoid bidding requirements. Formal and informal bid purchases require the solicitation of at least six bids, except in instances of sole source procurements. For sole source procurements, a sole source justification is required and must be reviewed and approved by the purchasing director.

The Extension Service did not obtain bids or document its rationale for limiting competition for 1 (25 percent) of 4 procurements tested that required competitive bidding. A department within the Extension Service circumvented competitive bid requirements by creating 7 invoices to the same vendor, each less than \$5,000, within days of each other. Together, those invoices totaled \$22,981 for award number 2010-45049-20713. The department asserted that the selected vendor was the only vendor able to provide the requested goods within a specific time line; however, the department did not comply with the Extension Service's sole source justification or emergency purchase requirements. Therefore, those purchases were considered questioned costs. Not complying with established procurement processes and bidding requirements could result in inadequate competition and unallowable procurements.

Suspension and Debarment

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity and its principals are not suspended or debarred or otherwise excluded from federal contracts. Covered transactions include procurement contracts for goods and services that are expected to equal or exceed \$25,000 and all nonprocurement transactions (that is, subawards to subrecipients) irrespective of award amount (Title 2, CFR, Sections 180.210 through 180.220 and 180.970).

The Extension Service did not always verify that vendors were not suspended or debarred or otherwise excluded from participating in federal contracts. Specifically, for 1 (11 percent) of 9 covered transactions tested, the Extension Service did not verify that the vendor was not suspended or debarred. That transaction was a \$206,324 agreement to lease office space from a local government. The Extension Service considered the suspension and debarment verification requirement not to apply because the vendor was a local government; however, local governments are not exempt from that requirement. Not verifying that vendors are not suspended or debarred from federal contracts increases the risk that the Extension Service could enter into procurements with ineligible vendors.

Recommendations:

The Extension Service should:

- Ensure that its departments comply with its procurement requirements and provide open and free competition in procurements or written justification for limiting competition.
- Verify that vendors and their principals are not suspended or debarred or otherwise excluded from participating in federal contracts for all covered transactions.

Management Response and Corrective Action Plan:

When the purchases were identified as non-compliant with AgriLife Extensions' and Sponsored Research Services' purchasing procedures, the Agency non-compliant procedure was appropriately executed. The departmental staff was required to complete and sign additional paperwork acknowledging that they had not followed approved purchasing procedures. Department leadership communicated purchasing procedures to faculty and staff and provided assurance that future purchases would be made in accordance with procedures. Purchasing training sessions are available to units within Texas A&M AgriLife which address procurement practices for the agency.

The agency currently verifies vendors for suspension and debarment. Training will be provided to the purchasing staff that this includes all types of vendors including governmental entities.

Implementation Date: May 2014

Responsible Persons: Diane Hassel and DeeAnn Schneider

Reference No. 2013-126

Reporting

CFDA 10.500 – Cooperative Extension Service

Award years – September 1, 2011 to August 31, 2012 and June 1, 2011 to August 31, 2013

Award numbers – 2011-48679-31066 and 2011-41534-30982

Type of finding – Significant Deficiency and Non-Compliance

Federal Financial Reports (FFR) should include all receipts and expenditures of federal, state, and county appropriations and contributions from non-tax sources, for furtherance of extension work. Expenditures are considered to be cash disbursements and valid liquidated obligations chargeable to the reporting fiscal year (*Administrative Handbook for Cooperative Extension Work*, Chapter 3 Financial Operations, Section L(1) Annual Financial Report). When reports are required on an annual basis, they are due 90 days after the end of the grant or agreement period (Title 7, Code of Federal Regulations, Section 3015.82(d)).

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

For 1 (11 percent) of 9 financial reports tested, the Texas A&M AgriLife Extension Service (Extension Service) did not ensure that the financial report included all activity in the reporting period and was supported by applicable accounting records. The Texas A&M System Sponsored Research Services (Sponsored Research Services), which prepared the financial report for the Extension Service, inaccurately reported cash disbursements for the period as \$0 instead of \$9,999. Sponsored Research Services does not review financial reports to verify that they are accurate and supported by accounting records. Sponsored Research Services corrected and resubmitted the report after auditors identified the error.

Additionally, the Extension Service did not submit 2 (22 percent) of the 9 financial reports tested within the required time frame. Sponsored Research Services, which prepared and submitted the financial reports for the Extension Service, submitted those reports 356 days late and 382 days late. (One of those reports was the report also discussed above.) At the time those reports were due, Sponsored Research Services did not have a process to monitor the due dates of financial reports.

Inaccurate information in and late submission of financial reports increases the risk that federal agencies may not have accurate information to manage and monitor awards.

Recommendation:

The Extension Service should ensure that its financial reports accurately include all activity in the reporting period, are supported by accounting records, and are submitted in a timely manner.

Management Response and Corrective Action Plan:

Sponsored Research Services reviewed its internal procedures and implemented the following additional steps to ensure that financial reports are accurate and timely:

- A report listing of all financial reports that are Due/Over Due is generated monthly and distributed to all SRS accountants to ensure that all due reports are identified for submission.

- *All financial reports are reviewed for accuracy and signed by a second SRS accountant before submission.*

Implementation Date: October 2013

Responsible Person: Diane Hassel

Texas A&M Engineering Experiment Station

Reference No. 2013-127

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

Research and Development Cluster

Award year – November 1, 2007 to October 31, 2013

Award number – CFDA 47.076, Education and Human Resources, HRD-0703290

Type of finding – Significant Deficiency and Non-Compliance

Direct Costs (Non-payroll)

Allowable costs charged to federal programs must (1) be reasonable; (2) be allocable to sponsored agreements; (3) be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances; and (4) conform to any limitations or exclusions set forth in cost principles or in the sponsored agreement as to types or amounts of cost items (Title 2, Code of Federal Regulations, Section 220, Appendix A, C.2).

Questioned Cost:	\$0
National Science Foundation	

According to Office of Management and Budget Circular A-21, Section J-17, costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable.

One (1 percent) of 68 direct cost transactions tested at the Texas A&M Engineering Experiment Station (Experiment Station) was not allowable. The Experiment Station charged \$240 to CFDA 47.076, award HRD-0703290, for a string quartet performance as entertainment at an awards ceremony. The Experiment Station did not identify the expenditure as unallowable during its approval process. The Experiment Station reversed that expenditure after auditors identified the error; therefore, there were no questioned costs.

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 Experiment Station did not have sufficient controls over change management testing and migration for its Time and Effort application. Specifically, for 2 (67 percent) of 3 changes to the Time and Effort application tested, the Experiment Station did not maintain adequate documentation of its testing or final authorization prior to migrating those changes to the production environment. The Experiment Station’s change management policies require that documentation. Additionally, the Experiment Station did not adequately restrict developers’ access to modify code in the production environment for the Time and Effort application.

Insufficient change management procedures or inadequate segregation of duties among developers increases the risk of unauthorized programming changes being made to critical information systems.

Recommendations:

The Experiment Station should:

- Apply only allowable costs to federally funded awards.
- Maintain documentation of all change requests related to critical information systems to support that changes were authorized, tested, and approved prior to migration to the production environment.
- Restrict access to modify code in the production environment for critical information systems to only those individuals who are authorized to perform such tasks.

Management Response and Corrective Action Plan:

Direct Costs (Non-payroll)

Texas A&M Engineering Experiment Station acknowledges and agrees with the finding. Additional OMB Circular A-21 training has been provided for Sponsored Research Services (SRS) Accounts Payable/Voucher Compliance staff that are responsible for reviewing expenditures prior to being charged to project accounts. Formal research administration training will be provided to SRS staff in Spring 2014 and as available.

Implementation Date: May 2014

Responsible Person: Dana Thomas

General Controls

Texas A&M Engineering Experiment Station acknowledges and agrees with the finding. The Texas A&M University System is adding additional access controls to the source control and build system used by the Time and Effort application. This will restrict the building of production software release to only authorized employees. Additionally, the Texas A&M University System will implement better practices for the retention and management of documentation related to testing and authorization of changes in its production environment. Testing plans and results along with final authorization will be electronically captured and attached to each change item. The Texas A&M University system is also in the process of selecting and implementing a new service desk software application. If this software solution provides superior change management processes over the existing process, it will be adopted as the new change management solution.

Implementation Date: March 2014

Responsible Person: Mark Schulz

Reference No. 2013-128

Reporting

Research and Development Cluster

Award years – December 1, 2009 to November 30, 2013; September 1, 2011 to April 30, 2013; August 1, 2011 to August 31, 2014; and March 15, 2011 to March 15, 2014

Award numbers – CFDA 12.300, Basic and Applied Scientific Research, N00014-10-1-0389; CFDA 81.049, Office of Science Financial Assistance Program, DE-SC0006885; CFDA 47.041, Engineering Grants, CMMI-1131758; and CFDA 12.630, Basic, Applied, and Advanced Research in Science and Engineering, HQ0147-11-C-6009

Type of finding – Significant Deficiency and Non-Compliance

Financial Reporting

Recipients are responsible for managing, monitoring, and reporting performance for each project, program, subaward, function, or activity supported by the award (Title 2, Code of Federal Regulations (CFR), Sections 215.51 and 215.52). Recipients use the Federal Financial Report SF-425 or the Request for Advance or Reimbursement SF-270 to report financial activity. The U.S. Office of Management and Budget provides specific instructions for completing the SF-425 and SF-270, including definitions and requirements of key reporting elements.

Questioned Cost:	\$0
Office of Naval Research U.S. Department of Energy National Science Foundation Missile Defense Agency	

During fiscal year 2013, Texas A&M System Sponsored Research Services (Sponsored Research Services) prepared the financial reports for the Texas A&M Engineering Experiment Station (Experiment Station).

The Experiment Station did not ensure that its financial reports included all activity in the reporting period, were supported by applicable accounting records, and were fairly presented in accordance with program requirements. Specifically, for 2 (3 percent) of 60 reports tested, the reports did not accurately reflect award expenditures:

- For one SF-270 report, there was a formula error in the spreadsheet used to calculate program expenditures and cash draws to date. The formula double-counted a monthly draw; as a result the SF-270 report was overstated by \$5,347.
- For one SF-425 report, Sponsored Research Services used a prior period's accounting system report; as a result, the SF-425 was understated by \$7,976.

The Experiment Station and Sponsored Research Services do not review financial reports after they are prepared to verify that the reports are accurate and supported by accounting system records. Unsupported and inaccurate information in financial reports increases the risk that federal agencies could rely on inaccurate information to manage and monitor its awards.

Federal Funding Accountability and Transparency Act Reporting

The Federal Funding Accountability and Transparency Act (Transparency Act) requires prime recipients of federal awards made on or after October 1, 2010, to capture and report subaward and executive compensation data regarding first-tier subawards that exceed \$25,000. Prime recipients are to report subaward information no later than the end of the month following the month in which the obligation was made (Title 2, CFR, Chapter 170).

Sponsored Research Services prepared and submitted Transparency Act reports for the Experiment Station during fiscal year 2013. Prior to that, the Experiment Station prepared and submitted its Transparency Act reports.

For fiscal year 2013, the Experiment Station did not ensure that Sponsored Research Services consistently submitted Transparency Act reports within the required time frames. Specifically, for 2 (40 percent) of 5 reports tested, the Experiment Station submitted the reports 31 and 70 days late. That occurred because of a lack of communication between the contracting group and the Transparency Act reporting group at the Experiment Station regarding the issuance of the subawards, which resulted in late report submission.

Not reporting subawards within the required time frames decreases the reliability and availability of information to the awarding agency and other users of that information.

Recommendations:

The Experiment Station should:

- Ensure that its financial reports accurately include all activity in the reporting period and are supported by applicable accounting records.
- Identify and report projects subject to Transparency Act requirements in a timely manner.

Management Response and Corrective Action Plan:

Financial Reporting

Texas A&M Engineering Experiment Station acknowledges and agrees with the finding. Sponsored Research Services (SRS) reviewed its internal procedures and implemented the following additional steps to ensure that financial reports are accurate:

- *When setting up a new spreadsheet for use in calculating data to be transferred to a financial report, the spreadsheet will be reviewed and verified for accuracy by a second SRS accountant before use.*
- *EPIK reports used to prepare financial reports will always be accessed utilizing the "Billing History by Billing Method" to ensure that all expenses are accurately reported.*

- *All financial reports will be reconciled to the accounting system for accuracy and signed by a second SRS accountant before submission.*

Implementation Date: October 2013

Responsible Person: Diane Hassel

Federal Funding Accountability and Transparency Act Reporting

Texas A&M Engineering Experiment Station acknowledges and agrees with the finding. A Sponsored Research Services (SRS) procedure has been implemented to provide a secondary review of all subawards as they are executed to determine if FFATA reporting is required. Additionally, the Sub-recipient Monitoring Group procedure has been reinforced to ensure subawards are reviewed and reported in a timely manner.

Implementation Date: December 2013

Responsible Person: Michele Lacy

Reference No. 2013-129

Special Tests and Provisions – R3 – Subrecipient Monitoring

Research and Development Cluster – ARRA

Award years – September 1, 2009 to September 30, 2013; May 15, 2012 to September 30, 2013; and February 1, 2010 to December 31, 2012

Award numbers – CFDA 47.082, Trans-NSF Recovery Act Research Support, CMMI-0936599 and CBET-0941313; and; CFDA 81.087, Renewable Energy Research and Development, DE-EE0002757

Type of finding – Significant Deficiency and Non-Compliance

The American Recovery and Reinvestment Act (Recovery Act) of 2009 required recipients to (1) agree to maintain records that identify adequately the source and application of Recovery Act awards; (2) separately identify to each subrecipient, and document at the time of subaward and at the disbursement of funds, the federal award number, Catalog of Federal Domestic Assistance (CFDA) number, and the amount of Recovery Act funds; and (3) require their subrecipients to include on their schedules of expenditures of federal awards information to specifically identify Recovery Act funding (Title 2, Code of Federal Regulations, Section 176.210).

Questioned Cost:	\$0
National Science Foundation U.S. Department of Energy	

The Texas A&M Engineering Experiment Station (Experiment Station) did not provide the required notifications at the time of disbursement of funds to all four Recovery Act subrecipients to which it made disbursements during fiscal year 2013. The Experiment Station did not consistently use its process to ensure that it made those notifications. Inadequate identification of Recovery Act information at the time of disbursements may lead to improper reporting of Recovery Act funds in subrecipients' schedules of expenditures of federal awards.

Recommendation:

The Experiment Station should consistently use its process to provide required notifications to Recovery Act subrecipients at the time of each disbursement.

Management Response and Corrective Action Plan:

Texas A&M Engineering Experiment Station acknowledges and agrees with the finding. Sponsored Research Services (SRS) has reviewed its process to ensure that subrecipients are consistently notified of required Recovery Act information at the time of disbursement. Check stubs will include the following:

- Federal Award number.
- CFDA number.
- Amount of ARRA funds.

Implementation Date: September 2013

Responsible Person: Dana Thomas

Texas A&M Forest Service

Reference No. 2013-130

Activities Allowed or Unallowed

CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Award year – July 1, 2011

Award number – 1999DRTXP00000001

Type of finding – Significant Deficiency and Non-Compliance

In accordance with Title 44, Code of Federal Regulations (CFR), Part 206, the FEMA-State Agreement describes the incident and the incident period for which assistance will be made available, and the type and extent of the federal assistance to be made available.

Questioned Cost: \$1,600,740

U.S. Department of Homeland
Security – Federal
Emergency Management
Agency

The FEMA-State Agreement for the major disaster designated as FEMA-1999-DR was based on damage resulting from wildfires that occurred from April 6, 2011, to May 3, 2011. That agreement states that no federal assistance under the Robert T. Stafford Disaster Relief and Emergency Assistance Act shall be approved unless the damage or hardship to be alleviated resulted from the major disaster that took place from April 6, 2011, to May 3, 2011. The *Federal Register* Notice Amendment No. 6 of the major disaster declaration designated as FEMA-1999-DR amended the incident period for that disaster to be April 6, 2011, through and including August 29, 2011.

The Texas A&M Forest Service (Forest Service) submits one project worksheet for each major disaster declaration. To determine the eligible costs to include in the project worksheet, the Forest Service worked with the Federal Emergency Management Agency to develop an average rate to apply to the number of acres affected by eligible fire incidents for the disaster.

However, the Forest Service included unallowable costs on the project worksheet for FEMA-1999-DR. When it calculated the cost of the disaster, the Forest Service erroneously included 50,868 acres of land that was affected by fire incidents that occurred outside of the incident period of the disaster. That resulted in \$1,600,740 in questioned costs associated with award FEMA-1999-DR.

That error occurred because the Forest Service inadvertently included four fire incidents that occurred before April 6, 2011, when it compiled the data it used in the calculation. The Forest Service also included 23 fire incidents that occurred after August 29, 2011, in the data because it considered August 31, 2011, to be the end date for the FEMA-1999-DR incident period. In addition, the Forest Service has not established a process to review project worksheets prior to submitting them to the federal government to verify that the amount requested on the project worksheets is supported by eligible costs.

A portion of the ineligible costs the Forest Service included on the project worksheet for FEMA-1999-DR may be considered eligible for other Disaster Grants - Public Assistance (Presidentially Declared Disasters) awards.

Recommendations:

The Forest Service should:

- Review the provisions of grant agreements pertaining to the awards for which it submits project worksheets.
- Develop and implement a process to review project worksheets to verify the accuracy of costs it includes on those worksheets.

Management Response and Corrective Action Plan:

We agree with the recommendations and have implemented procedures to require a second review of the worksheets to verify cost eligibility and accuracy.

Implementation Date: October 2013

Responsible Person: Gary Laco

Reference No. 2013-131

Cash Management

CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

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

Questioned Cost: \$0

U.S. Department of Homeland
Security – Federal
Emergency Management
Agency

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

For both of the two cash receipts tested, the Texas A&M Forest Service (Forest Service) did not minimize the time between its drawdowns of federal funds and disbursement of those funds. The Forest Service disbursed funds between 8 and 10 business days after it had received the funds. That occurred because the Forest Service does not have controls to minimize the time between its drawdown of federal funds and the disbursement of those funds. For the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program, the Forest Service earned an estimated \$1,327 in interest on advances of federal funds during fiscal year 2013, and it remitted that amount to U.S. Treasury on September 11, 2013.

Additionally, the Forest Service has not established a process to review project worksheets prior to submission to the federal government. Each project worksheet includes a list of actual costs the Forest Service incurred and supporting invoices, and it serves as a request to the Federal Emergency Management Agency for federal funds. A lack of review increases the risk that errors in requests for funds could go undetected.

The issues noted above affected the following Disaster Grants – Public Assistance (Presidentially Declared Disasters) program awards:

Disaster Number	Award Number	Disaster Declaration Date
1999	1999DRTXP00000001	July 1, 2011
4029	4029DRTXP00000001	September 9, 2011

Recommendations:

The Agency should:

- Develop and implement a process to minimize the time between its receipt of federal funds and the disbursement of those funds.
- Review project worksheets prior to submitting them to the federal government to help ensure the accuracy of costs included on those worksheets.

Management Response and Corrective Action Plan:

We agree with the recommendations and have implemented procedures to (1) ensure prompt disbursement of federal funds and (2) require a second review of the worksheets to verify cost eligibility and accuracy.

Implementation Date: October 2013

Responsible Persons: Travis Zamzow and Gary Lacox

Reference No. 2013-132

Cash Management

CFDA 97.046 – Fire Management Assistance Grant

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

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

Questioned Cost: \$0

U.S. Department of Homeland
Security – Federal
Emergency Management
Agency

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

For 26 (81 percent) of 32 transactions tested, the Texas A&M Forest Service (Forest Service) did not minimize the time between its drawdowns of federal funds and disbursement of those funds. The Forest Service disbursed funds between 29 and 151 days after it received funds. That occurred because the Forest Service does not have controls to minimize the time between its drawdowns of federal funds and disbursement of those funds. The Forest Service used those funds to pay five federal agencies for fire-related services. The Forest Service's practice is to pay those agencies after it receives sufficient federal funds to pay the invoices in full, which results in a delay between drawdown and disbursement. For the Fire Management Assistance Grant program, the Forest Service earned an estimated \$17,802 in interest on advances of federal funds during fiscal year 2013, and it remitted that amount to U.S. Treasury in September 2013.

Additionally, the Forest Service does not have a process to review the invoicing package that it uses to support its requests for federal funds. Program staff prepare that package, but no other Forest Service staff review that package prior to submission to ensure that requests for federal funds are adequately supported. Although auditors did not identify compliance errors associated with the invoicing packages, a lack of review increases the risk that errors in the request for funds could go undetected.

TEXAS A&M FOREST SERVICE

The issues noted above affected the following Fire Management Assistance Grant Program awards:

<u>Disaster Number</u>	<u>Award Number</u>	<u>Disaster Declaration Date</u>
2867	2867FMTXP00000001	March 11, 2011
2870	2870FMTXP00000001	March 12, 2011
2881	2881FMTXP00000001	April 3, 2011
2882	2882FMTXP00000001	April 5, 2011
2884	2884FMTXP00000001	April 9, 2011
2885	2885FMTXP00000001	April 9, 2011
2886	2886FMTXP00000001	April 9, 2011
2888	2888FMTXP00000001	April 15, 2011
2889	2889FMTXP00000001	April 15, 2011
2891	2891FMTXP00000001	April 15, 2011
2892	2892FMTXP00000001	April 15, 2011
2894	2894FMTXP00000001	April 16, 2011
2896	2896FMTXP00000001	April 17, 2011
2898	2898FMTXP00000001	April 17, 2011
2901	2901FMTXP00000001	April 27, 2011
2903	2903FMTXP00000001	April 29, 2011
2904	2904FMTXP00000001	April 30, 2011
2905	2905FMTXP00000001	April 30, 2011
2906	2906FMTXP00000001	May 8, 2011
2908	2908FMTXP00000001	May 9, 2011
2910	2910FMTXP00000001	May 24, 2011
2911	2911FMTXP00000001	May 29, 2011
2912	2912FMTXP00000001	May 29, 2011
2913	2913FMTXP00000001	May 29, 2011
2914	2914FMTXP00000001	June 2, 2011
2916	2916FMTXP00000001	June 3, 2011
2922	2922FMTXP00000001	June 16, 2011
2924	2924FMTXP00000001	June 17, 2011
2925	2925FMTXP00000001	June 18, 2011
2926	2926FMTXP00000001	June 18, 2011
2927	2927FMTXP00000001	June 20, 2011
2928	2928FMTXP00000001	June 20, 2011
2929	2929FMTXP00000001	June 20, 2011
2930	2930FMTXP00000001	June 21, 2011
2931	2931FMTXP00000001	June 21, 2011
2937	2937FMTXP00000001	July 11, 2011
2949	2949FMTXP00000001	August 15, 2011
2952	2952FMTXP00000001	August 30, 2011
2958	2958FMTXP00000001	September 4, 2011
2959	2959FMTXP00000001	September 5, 2011
2960	2960FMTXP00000001	September 5, 2011

TEXAS A&M FOREST SERVICE

<u>Disaster Number</u>	<u>Award Number</u>	<u>Disaster Declaration Date</u>
2962	2962FMTXP00000001	September 6, 2011
2964	2964FMTXP00000001	September 6, 2011
2965	2965FMTXP00000001	September 6, 2011
2967	2967FMTXP00000001	September 8, 2011
2968	2968FMTXP00000001	September 9, 2011

Recommendations:

The Forest Service should:

- Develop and implement a process to minimize the time between its drawdowns of federal funds and the disbursement of those funds.
- Review invoice packages before submitting them to a federal agency to ensure that requests for federal funds are adequately supported.

Management Response and Corrective Action Plan:

We agree with the recommendations and have implemented procedures to (1) ensure prompt disbursement of federal funds and (2) require a second review of the invoice packages to verify cost eligibility and accuracy.

Implementation Date: October 2013

Responsible Persons: Travis Zamzow and Gary Lacox

Texas A&M Health Science Center

Reference No. 2013-133

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

Research and Development Cluster

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

Direct Costs (Non-payroll)

Allowable costs charged to federal programs must (1) be reasonable; (2) be allocable to sponsored agreements; (3) be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances; and (4) conform to any limitations or exclusions set forth in cost principles or in the sponsored agreement as to types or amounts of cost items (Title 2, Code of Federal Regulations (CFR), Section 220, Appendix A, C.2).

Questioned Cost:	\$809
U.S. Department of Defense U.S. Department of Health and Human Services	

One (2 percent) of 49 direct cost transactions tested at the Texas A&M Health Science Center (Health Science Center) was unallowable. The Health Science Center charged an unallowable late payment fee of \$11 to a federal award because it did not include the object code for late payment fees in its list of object codes not allowed on federal awards. Based on the Health Science Center’s federal Research and Development Cluster expenditures for fiscal year 2013, it charged \$745 to that object code during the year; therefore, questioned costs associated with that issue totaled \$745. The award numbers and years associated with this issue are listed below. In addition to the unallowable direct costs charged, the Health Science Center may have charged associated indirect costs, which would also be unallowable.

Payroll Expenditures

The method of payroll distribution used by entities that receive federal awards must recognize the principle of after-the-fact confirmation or determination so that costs distributed represent actual costs, unless a mutually satisfactory alternative agreement is reached. Direct cost activities and facilities and administrative cost activities may be confirmed by responsible persons with suitable means of verification that the work was performed. Additionally, for professorial and professional staff, activity reports must be prepared each academic term, but no less frequently than every six months (Title 2, CFR, Section 220, Appendix A (J)(10)).

For 5 (8 percent) of 60 payroll transactions tested, the Health Science Center did not have certified time and effort reports. According to the Health Science Center’s policy, employees must certify their time and effort reports within 45 days after they are released to principal investigators for certification. The outstanding time and effort reports were certified after auditors brought the errors to the Health Science Center's attention; therefore, there were no questioned costs. However, the time and effort reports were submitted between 34 and 70 days late. A prolonged elapsed time between activity and certification of the activity can decrease the accuracy of reporting and increase the time between payroll distribution and any required adjustments to that distribution. The Health Science Center notifies employees when their time and effort certifications are late; however, it does not actively monitor outstanding time and effort reports to ensure they are completed. The award number and years associated with this issue are listed below.

Indirect Costs

Indirect costs are incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. Indirect costs shall be distributed to applicable sponsored agreements 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. 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 (Title 2, CFR, Part 220, Appendix A).

The Health Science Center charged an incorrect indirect cost rate for 2 (3 percent) of 60 indirect cost charges tested. Both charges were for the same federal award. The Health Science Center set up the award incorrectly in its financial system. As a result, it charged an indirect cost rate of 46.5 percent of total direct costs, instead of 46.5 percent of modified total direct costs as required by the award agreement. In August 2012, the Health Science Center changed the indirect cost rate for the award in its financial system to 38.24 percent of total direct costs. However, that change did not fully correct the issue. The Health Science Center overcharged \$59 in indirect costs to Catalog of Federal Domestic Assistance (CFDA) 93.262, Award Number 2U54OH007541, and that amount was considered a questioned cost.

Additionally, for 1 (2 percent) of 60 indirect cost charges tested, the Health Science Center included an unallowable cost in the direct cost base it used to calculate the indirect cost charge. The unallowable cost was an \$12 late payment fee discussed in the direct (non-payroll) section above. As a result, the Health Science Center overcharged \$5 in indirect costs to CFDA 93.853, Award Number 5R01NS065842-03, and that amount was considered a questioned cost.

General Controls

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

The Health Science Center did not have sufficient controls over change management testing and migration for its Time and Effort application. Specifically, for 2 (67 percent) of 3 changes to the Time and Effort application tested, the Health Science Center did not maintain adequate documentation of its testing or final authorization prior to migrating those changes to the production environment. The Texas A&M University System’s change management policies, which govern the Health Science Center’s change management practices, require that documentation. Additionally, the Health Science Center did not adequately restrict developers’ access to modify code in the production environment for the Time and Effort application.

Insufficient change management procedures or inadequate segregation of duties among developers increases the risk of unauthorized programming changes being made to critical information systems.

The following awards were affected by the issue discussed above in which the Health Science Center charged unallowable late payment fees:

<u>CFDA No.</u>	<u>CFDA Title</u>	<u>Award Number</u>	<u>Award Year</u>	<u>Questioned Cost</u>
12.351	Basic Scientific Research – Combating Weapons of Mass Destruction	HDTRA 1-13-1-0003	October 22, 2012 to October 28, 2015	\$18
93.113	Environmental Health	7R21ES020055-02	January 25, 2012 to May 31, 2013	33
93.121	Oral Diseases and Disorders Research	7R01DE019471-04	December 1, 2011 to November 30, 2013	6
93.121	Oral Diseases and Disorders Research	7R01DE00509235	July 1, 2012 to June 30, 2014	166
93.121	Oral Diseases and Disorders Research	7R01DE018486-05	July 1, 2012 to June 30, 2014	53
93.121	Oral Diseases and Disorders Research	1R01DE02212901A1	August 15, 2012 to July 31, 2014	25

TEXAS A&M HEALTH SCIENCE CENTER

CFDA No.	CFDA Title	Award Number	Award Year	Questioned Cost
93.273	Alcohol Research Programs	7R01AA013440-10	September 1, 2012 to August 31, 2014	\$ 12
93.351	Research Infrastructure Programs	2P40OD011050-11	June 15, 2013 to May 31, 2014	18
93.351	Research Infrastructure Programs	7P40OD011050-10	June 1, 2012 to May 31, 2014	138
93.396	Cancer Biology Research	7R01CA134731-03	January 1, 2012 to December 31, 2013	11
93.396	Cancer Biology Research	7R01CA142862-03	June 1, 2012 to May 31, 2014	5
93.837	Cardiovascular Diseases Research	1K08HL11487701	July 1, 2012 to June 30, 2014	55
93.837	Cardiovascular Diseases Research	7R01HL090817-04	August 1, 2012 to July 31, 2014	10
93.837	Cardiovascular Diseases Research	7R01HL068838-07	December 1, 2011 to November 30, 2013	6
93.846	Arthritis, Musculoskeletal and Skin Diseases Research	7R01AR044415-13	December 1, 2011 to November 30, 2013	11
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	1R01DK095118-01	May 1, 2012 to April 30, 2014	45
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	5R01NS065842-03	April 1, 2012 to August 1, 2012	12
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	7R01NS05478006	July 1, 2011 to December 31, 2012	7
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	7R01S07489503	June 3, 2012 to May 31, 2014	27
93.855	Allergy, Immunology and Transplantation Research	12-062	March 1, 2012 to February 28, 2013	(26)
93.855	Allergy, Immunology and Transplantation Research	1R01AI095293-01A1	August 1, 2012 to July 31, 2014	12
93.855	Allergy, Immunology and Transplantation Research	5R01AI090142-02	August 20, 2012 to July 31, 2014	21
93.859	Biomedical Research and Research Training	5R01GM097591-03	August 1, 2012 to July 31, 2014	19

TEXAS A&M HEALTH SCIENCE CENTER

CFDA No.	CFDA Title	Award Number	Award Year	Questioned Cost
93.866	Aging Research	7R01AG042189-02	September 1, 2012 to May 31, 2014	\$ 6
93.867	Vision Research	7R01EY01842005	January 1, 2012 to December 31, 2013	55
		Total		<u>\$745</u>

The following awards were affected by the issue discussed above in which the Health Science Center did not obtain certified time and effort reports in a timely manner:

CFDA No.	CFDA Title	Award Number	Award Year
93.855	Allergy, Immunology and Transplantation Research	7R01AI098984-02	March 1, 2013 to June 30, 2014
12.351	Basic Scientific Research – Combating Weapons of Mass Destruction	HDTRA 1-13-1-0003	October 22, 2012 to October 28, 2015
93.837	Cardiovascular Diseases Research	7R01HL102314-03	July 1, 2012 to April 30, 2014
93.121	Oral Diseases and Disorders Research	R22091	December 1, 2011 to November 30, 2013
93.837	Cardiovascular Diseases Research	7R01HL102314-03	July 1, 2012 to April 30, 2014

The following awards were affected by the issue discussed above in which the Health Science Center incorrectly charged indirect costs:

CFDA No.	CFDA Name	Award Number	Award Year	Questioned Cost
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	5R01NS065842-03	April 1, 2012 to March 31, 2013	\$ 5
93.262	Occupational Safety and Health Program	2U54OH007541 CDC	September 30, 2011 to September 29, 2012	59
		Total		<u>\$ 64</u>

Recommendations:

The Health Science Center should:

- Apply only allowable costs to federally funded awards.
- Monitor its departments to ensure they certify time and effort reports in accordance with its policy.
- Use the correct rate and direct cost basis to calculate indirect cost charges.

- Maintain documentation of all change requests related to critical information systems to support that changes were authorized, tested, and approved prior to migration to the production environment.
- Restrict access to modify code in the production environment for critical information systems to only those individuals who are authorized to perform such tasks.

Management Response and Corrective Action Plan:

Direct Cost (Non-Payroll)

The Texas A&M Health Science Center and Texas A&M System Sponsored Research Services acknowledge and agree with the finding. Texas A&M System Sponsored Research Services has reviewed the process and a procedure has been implemented to prevent charges of late payment fees from being charged on federal projects. Additional attributes have been assigned to the federal accounts to ensure the late payment fees are not charged on these accounts.

Implementation Date: October 2013

Responsible Person: Dana Thomas

Payroll Expenditures

The Texas A&M Health Science Center acknowledges and agrees with the finding. The Texas A&M Health Science Center will 1) retrain department administrators to ensure they are fully aware of their responsibility in the monitoring process; 2) meet with department heads and department administrators regarding time and effort information to be included in new faculty orientation to explain to faculty what their responsibility is with regard to time and effort certifications; and 3) run monthly reports on open time and effort certifications and notify department administrators to contact certifiers for a resolution.

Implementation Date: June 2014

Responsible Person: Julie A. Bishop

Indirect Costs

The Texas A&M Health Science Center and Texas A&M Sponsored Research Services acknowledge and agree with the finding. The overcharged indirect cost and associated late payment fee cited above have been refunded to the sponsor. Texas A&M System Sponsored Research Services is implementing a quality control program to ensure projects are established in the accounting system in accordance with the award documents and sponsor guidelines.

Implementation Date: June 2014

Responsible Person: Leo Paterra

General Controls

The Texas A&M Health Science Center and the Texas A&M University System acknowledge and agree with the finding. The Texas A&M University System is adding additional access controls to the source control and build system used by the Time and Effort application. This will restrict the building of production software release to only authorized employees. Additionally, the Texas A&M University System will implement better practices for the retention and management of documentation related to testing and authorization of changes in its production

environment. Testing plans and results along with final authorization will be electronically captured and attached to each change item. The Texas A&M University system is also in the process of selecting and implementing a new service desk software application. If this software solution provides superior change management processes over the existing process, it will be adopted as the new change management solution.

Implementation Date: March 31, 2014

Responsible Person: Mark Schulz

Reference No. 2013-134

Cash Management

Research and Development Cluster

Research and Development Cluster – ARRA

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

A state must minimize the time between the drawdown of federal funds from the federal government and their disbursement for federal program purposes. The timing and amount of funds transfers must be as close as is administratively feasible to a state’s actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs (Title 31, Code of Federal Regulations, Section 205.33(a)). To minimize the time between drawdown of federal funds and disbursement, the Texas A&M Health Science Center (Health Science Center) operates on a reimbursement basis under which it bases its drawdowns of federal funds only on expended amounts.

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

The Health Science Center did not consistently ensure that it drew down the correct amounts of federal funds and, therefore, did not consistently minimize the time between drawdown and disbursement. Specifically:

- For 1 (4 percent) of 28 drawdowns tested, the Health Science Center based the draw request on a report that it used for the previous draw request. However, because the Health Science Center did not refresh its report query, it based the draw amount on a report that was 12 days old and included expenditures for which it had previously drawn funds. The total amount of the draw was \$465,257. The Health Science Center identified and corrected the error during the subsequent draw one week later. However, for a portion of the time between the draws, the Health Science Center had overdrawn federal funds. The potential interest obligation resulting from the inaccurate draw was less than the threshold for remitting interest to the federal government; therefore, there were no questioned costs.
- For 3 (11 percent) of 28 drawdowns tested, the Health Science Center included invalid expenditures in the draw. Those three draws each contained an award that exceeded its approved budget; therefore, the Health Science Center should not have drawn funds on those awards. For two of those draws, which were associated with the same award, the Health Science Center drew \$7,474 more than the approved budget for the award. For the other draw, the Health Science Center drew \$51,289 more than the approved budget for that award. The Health Science Center subsequently removed the overbudget amount from one award and later received additional funding for the other award; therefore there were no questioned costs.

The Health Science Center’s policy requires a multiple-level review and approval of each cash draw. However that review did not identify the errors noted above. Additionally, the Health Science Center has written policies and procedures for its cash draws, but those policies do not address any adjustments that the Health Science Center should make prior to submitting draw requests.

The following awards were affected by the issue discussed above in which the Health Science Center based a draw request on a report that it used for the previous draw request:

TEXAS A&M HEALTH SCIENCE CENTER

CFDA No.	CFDA Title	Award Number	Award Year
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	7R01NS05478006	July 1, 2011 to December 31, 2012
93.837	Cardiovascular Diseases Research	7R01HL068838-07	December 1, 2011 to November 30, 2013
93.846	Arthritis, Musculoskeletal and Skin Diseases Research	7R01AR044415-13	December 1, 2011 to November 30, 2013
93.855	Allergy, Immunology and Transplantation Research	7R03AI09215302	December 1, 2011 to November 30, 2013
93.121	Oral Diseases and Disorders Research	7R01DE019471-04	December 1, 2011 to November 30, 2013
93.701	Trans-NIH Recovery Act Research Support	7RC2ES018789-03	September 1, 2011 to July 31, 2013
93.113	Environmental Health	7R01ES008263-14	September 1, 2011 to February 28, 2014
93.701	Trans-NIH Recovery Act Research Support	3R01ES008263-14S1	September 1, 2011 to August 31, 2012
93.113	Environmental Health	7R21ES020055-02	January 25, 2012 to May 31, 2013
93.867	Vision Research	7R01EY01842005	January 1, 2012 to December 31, 2013
93.396	Cancer Biology Research	7R01CA134731-03	January 1, 2012 to December 31, 2013
93.865	Child Health and Human Development Extramural Research	1R21HD06884101A1	January 1, 2013 to December 31, 2013
93.173	Research Related to Deafness and Communication Disorders	7R01DC009014-05	March 1, 2012 to February 28, 2014
93.837	Cardiovascular Diseases Research	5R01HL095786-04	February 1, 2012 to January 31, 2014
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	5R03NS07114102	February 1, 2012 to January 31, 2014
93.396	Cancer Biology Research	7R01CA096824-09	February 1, 2012 to January 31, 2014
93.173	Research Related to Deafness and Communication Disorders	7R01DC005606-10	April 1, 2012 to March 31, 2014

TEXAS A&M HEALTH SCIENCE CENTER

CFDA No.	CFDA Title	Award Number	Award Year
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	5R01NS065842-03	April 1, 2012 to August 1, 2012
93.121	Oral Diseases and Disorders Research	7R01DE18885-04	April 1, 2012 to March 31, 2013
93.855	Allergy, Immunology and Transplantation Research	5R21AI095935	March 7, 2012 to February 28, 2014
93.866	Aging Research	7R01AG04136002	April 15, 2012 to March 31, 2014
93.855	Allergy, Immunology and Transplantation Research	7R01AI042345	April 1, 2012 to March 31, 2014
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	1R01DK095118-01	May 1, 2012 to April 30, 2014
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	7R01DK082435-03	May 1, 2012 to April 30, 2014
93.837	Cardiovascular Diseases Research	7K02HL098956-03	June 1, 2012 to May 31, 2014
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	5K01DK081661-05	June 1, 2012 to May 31, 2014
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	7R01S07489503	June 3, 2012 to May 31, 2014
93.396	Cancer Biology Research	7R01CA142862-03	June 1, 2012 to May 31, 2014
93.859	Biomedical Research and Research Training	7R01GM08406204	June 1, 2012 to May 31, 2014
93.213	Research and Training in Complementary and Alternative Medicine	7R21AT00625603	December 1, 2011 to September 29, 2013
93.121	Oral Diseases and Disorders Research	7R01DE00509235	July 1, 2012 to June 30, 2014
93.351	Research Infrastructure Programs	7P40OD011050-10	June 1, 2012 to June 14, 2013
93.121	Oral Diseases and Disorders Research	7R01DE018486-05	July 1, 2012 to June 30, 2014
93.855	Allergy, Immunology and Transplantation Research	1R21AI101740-02	July 1, 2012 to June 30, 2014

TEXAS A&M HEALTH SCIENCE CENTER

CFDA No.	CFDA Title	Award Number	Award Year
93.855	Allergy, Immunology and Transplantation Research	7U01AI082226-04	July 1, 2012 to June 30, 2013
93.837	Cardiovascular Diseases Research	7R01HL102314-03	July 1, 2012 to April 30, 2014
93.262	Occupational Safety and Health Program	2T03OH00410-04	July 1, 2012 to June 30, 2013
93.307	Minority Health and Health Disparities Research	7R01MD006228-03	July 4, 2012 to November 30, 2013
93.157	Centers of Excellence	D34HP24458	July 1, 2012 to June 30, 2013
93.837	Cardiovascular Diseases Research	5R21HL115463-02	July 10, 2012 to April 30, 2014
93.121	Oral Diseases and Disorders Research	1R01DE022975-01	July 11, 2012 to June 30, 2014
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	7R01DK062975-06	August 1, 2012 to July 31, 2014
93.866	Aging Research	7R01AG030578-05	August 1, 2012 to July 31, 2014
93.121	Oral Diseases and Disorders Research	7T32DE01838005	July 1, 2012 to June 30, 2014
93.856	Microbiology and Infectious Diseases Research	7R01AI20624-29	September 1, 2012 to August 31, 2014
93.855	Allergy, Immunology and Transplantation Research	1R56AI97372-01	August 1, 2012 to January 31, 2014
93.855	Allergy, Immunology and Transplantation Research	1R01AI095293-01A1	August 3, 2012 to July 31, 2014
93.837	Cardiovascular Diseases Research	1K08HL11487701	July 1, 2012 to June 30, 2014
93.855	Allergy, Immunology and Transplantation Research	7R01AI083646-04	September 1, 2012 to August 31, 2014
93.121	Oral Diseases and Disorders Research	7R03DE021773-02	September 1, 2012 to August 31, 2014
93.866	Aging Research	7R01AG042189-02	September 1, 2012 to May 31, 2014
93.273	Alcohol Research Programs	7R01AA013440-10	September 1, 2012 to August 31, 2014

TEXAS A&M HEALTH SCIENCE CENTER

CFDA No.	CFDA Title	Award Number	Award Year
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	5R21NS077177-02	September 1, 2012 to July 31, 2014
93.837	Cardiovascular Diseases Research	7R01HL096552-04	August 1, 2012 to July 31, 2014
93.837	Cardiovascular Diseases Research	7R01HL090817-04	August 1, 2012 to July 31, 2014
93.855	Allergy, Immunology and Transplantation Research	5R21AI095788-02	September 13, 2012 to August 31, 2014
93.121	Oral Diseases and Disorders Research	1R01DE02212901A1	August 15, 2012 to July 31, 2014

The following awards were affected by the issue discussed above in the Health Science Center included invalid expenditures in draw requests:

CFDA No.	CFDA Title	Award Number	Award Year
93.701	Trans-NIH Recovery Act Research Support	7RC2ES018789-03	September 1, 2011 to August 31, 2012
93.396	Cancer Biology Research	7R01CA143811-03	January 1, 2012 to December 31, 2013

Recommendations:

The Health Science Center should:

- Adopt documented policies and procedures that outline its drawdown process.
- Strengthen its drawdown review and approval process to help ensure compliance with applicable laws and regulations and consistency in Health Science Center processes.

Management Response and Corrective Action Plan:

The Texas A&M Health Science Center and Texas A&M System Sponsored Research Services acknowledge and agree with the finding. Texas A&M System Sponsored Research Services (SRS) reviewed the internal Letter of Credit drawdown procedures and documented additional detail to ensure that all SRS accountants complete their drawdown requests accurately and that correct reports are available to the Coordinator and Director during their approval of the requests.

Implementation Date: October 2013

Responsible Person: Diane Hassel

Reference No. 2013-135

Period of Availability of Federal Funds

Research and Development Cluster

Award years – November 1, 2011 to July 30, 2012 and September 30, 2011 to November 13, 2012

Award numbers – CFDA 93.262, Occupational Safety and Health Program, 12-174-395071 and CFDA 93.061, Innovations in Applied Public Health Research, 1R43DP003339

Type of finding – Significant Deficiency and Non-Compliance

When a funding period is specified, a recipient may charge to a grant only allowable costs resulting from obligations incurred during the funding period and any preaward costs authorized by the federal awarding agency (Title 2, Code of Federal Regulations (CFR), Section 215.28). Unless the federal awarding agency authorizes an extension, a recipient shall liquidate all obligations incurred under the award not later than 90 calendar days after the funding period or the date of completion as specified in the terms and conditions of the award or in agency implementing instructions (Title 2, CFR, Section 215.71).

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

The Texas A&M Health Science Center (Health Science Center) did not always incur costs within the period of availability and did not always liquidate its obligations within the required time period. Specifically:

- For 1 (11 percent) of 9 transactions tested that were recorded after the end of the award period of availability, the Health Science Center did not incur the cost within the funding period. The Health Science Center incurred the \$264 cost associated with that transaction 157 days after the end of the funding period. The Health Science Center later reversed the charge to CFDA 93.262 award number 12-174-395071 and refunded the sponsor; therefore, there were no questioned costs associated with that error.
- For an additional transaction tested, the Health Science Center did not liquidate the obligation within 90 days after the end of the funding period. The Health Science Center liquidated the \$1,800 obligation 120 days after the end of the funding period, but it did not request an extension or make the sponsor aware of additional outstanding charges for CFDA 93.061 award number 1R43DP003339.

The Health Science Center’s internal policy requires review and approval of all vouchers by Texas A&M System Sponsored Research Services. However that review did not identify the errors discussed above.

Recommendation:

The Health Science Center should ensure that all costs it charges to federal awards are incurred within the period of availability and liquidated within required time frames.

Management Response and Corrective Action Plan:

The Texas A&M Health Science Center and Texas A&M Sponsored Research Services acknowledge and agree with the finding. Texas A&M System Sponsored Research Services has implemented a procedure which provides for the close out of federal projects within 90 days of the project termination date. This procedure includes liquidation of all outstanding obligations and the final invoice or financial report submission to the sponsor within 90 days.

Implementation Date: December 2013

Responsible Person: Mark Smock

Reference No. 2013-136

Reporting

Research and Development Cluster

Award years – January 25, 2012 to May 31, 2013 and January 15, 2013 to July 15, 2014

Award numbers – CFDA 93.113, Environmental Health, 7R21ES020055-02 and CFDA 93.853 Extramural Research Programs in the Neurosciences and Neurological Disorders, 7R21NS076426-03

Type of finding – Significant Deficiency and Non-Compliance

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

Questioned Cost:	\$0
National Institutes of Health	

For 2 (50 percent) of 4 subawards tested, the Texas A&M Health Science Center (Health Science Center) did not report the subaward within the required time frame. During its initial project setup, the Health Science Center did not identify those subawards as subject to the Transparency Act; therefore, the Health Science Center did not initially report those subawards in FSRS as required. As a result, the Health Science Center reported those subawards 171 and 353 days late. Not reporting subawards to FSRS within the required time frame decreases the reliability and availability of information to the awarding agency and other users of that information.

Recommendation:

The Health Science Center should report applicable subawards to FSRS within the required time frame.

Management Response and Corrective Action Plan:

The Texas A&M Health Science Center and Texas A&M System Sponsored Research Services acknowledge and agree with this finding. Texas A&M System Sponsored Research Services has implemented a new procedure to provide a secondary review of all subawards as they are executed to determine if FFATA reporting is required. Also, an existing procedure has been fortified to ensure all subawards are funneled through the Sub-recipient Monitoring Group to provide the required reporting in a timely manner.

Implementation Date: December 2013

Responsible Person: Michele Lacy

Reference No. 2013-137

Special Tests and Provisions – R3 – Subrecipient Monitoring

Research and Development Cluster – ARRA

Award year – September 1, 2011 to July 31, 2013

Award number – CFDA 93.701, Trans – NIH Recovery Act Research Support, 7RC2ES018789-03

Type of finding – Significant Deficiency and Non-Compliance

The American Recovery and Reinvestment Act (Recovery Act) of 2009 required recipients to (1) agree to maintain records that identify adequately the source and application of Recovery Act awards; (2) separately identify to each subrecipient, and document at the time of subaward and at the disbursement of funds, the federal award number, Catalog of Federal Domestic Assistance (CFDA) number, and the amount of Recovery Act funds; and (3) require their subrecipients to include on their schedules of expenditures of federal awards information to specifically identify Recovery Act funding (Title 2, Code of Federal Regulations, Section 176.210).

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

For fiscal year 2013, the Texas A&M Health Science Center (Health Science Center) did not provide the required notifications to its one subrecipient of Recovery Act funds when it disbursed funds to that subrecipient. The award transitioned from the Texas A&M Research Foundation to the Health Science Center in July 2012, but the Health Science Center did not have a process to include the required information on Recovery Act subrecipient disbursements. Inadequate identification of Recovery Act information at the time of disbursements may lead to improper reporting of Recovery Act funds in subrecipients' schedules of expenditures of federal awards.

Recommendation:

The Health Science Center should provide all required information to its subrecipients of Recovery Act funds at the time of each disbursement.

Management Response and Corrective Action Plan:

The Texas A&M Health Science Center and Texas A&M System Sponsored Research Services acknowledge and agree with the finding. Texas A&M System Sponsored Research Services has reviewed its process to ensure that we are consistently notifying our subrecipients of required Recovery Act information at the time of disbursement. Additional training has been given to staff so that check stubs of future payments, if any, will include the following:

- *Federal Award number.*
- *CFDA number.*
- *Amount of ARRA recovery funds.*

Implementation Date: September 2013

Responsible Person: Dana Thomas

Texas A&M University

Reference No. 2013-138

Eligibility

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.408, Postsecondary Education Scholarships for Veteran’s Dependents, P408A125286 and CFDA 84.063, Federal Pell Grant Program, P063P125286

Type of finding – Significant Deficiency and Non-Compliance

Postsecondary Education Scholarships for Veteran’s Dependents

Under the Postsecondary Education Scholarships for Veteran’s Dependents award, also known as the Iraq and Afghanistan Service Grant (IASG), a Pell grant recipient whose parent or guardian died as a result of military service in Iraq or Afghanistan after September 11, 2001, can receive the maximum amount of a Pell award available. The student must be younger than 24 years of age or, if 24 years old or older, enrolled at least part-time in college at the time of the parent’s or guardian’s death. Effective July 1, 2010, if a student meets those criteria but does not meet the needs-based criteria for a Pell grant, then the student would be eligible for a non-need based (IASG) and can receive IASG in an amount equal to the maximum amount of a Pell grant award available (Title 20, United States Code, Chapter 1070h).

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

For 1 (3 percent) of 40 students tested, Texas A&M University (University) did not award the proper amount of IASG in accordance with program requirements. The University awarded the student \$5,500 in IASG instead of \$5,550 (which was the maximum Pell grant available for the 2012-2013 award year). According to the University, the underaward occurred because of a clerical error. After auditors brought this matter to the University’s attention, the University corrected the error and awarded the student an additional \$50 in aid.

Post-baccalaureate Students Receiving Federal Pell Grants

The federal Pell Grant Program awards grants to help financially needy students meet the cost of their postsecondary education (Title 34, Code of Federal Regulations (CFR), Section 690.1). In selecting students for the federal Pell Grant Program, an institution must determine whether a student is eligible to receive a federal Pell Grant for the period of time required to complete his or her first undergraduate baccalaureate course of study (Title 34, CFR, Section 690.6(a)). For each payment period, an institution may pay a federal Pell Grant to an eligible student only after it determines that the student is enrolled in an eligible program as an undergraduate student (Title 34, CFR, Section 690.75(a)(2)).

Based on a review of the full population of federal student financial assistance recipients, the University awarded \$1,388 in Pell Grant funds to two post-baccalaureate students who were not eligible for that assistance. The errors occurred because the University did not properly implement its control to identify students who have bachelor’s degrees. The University’s financial aid system relied on self-reported information from the students’ Institutional Student Information Records (ISIRs), which incorrectly indicated that the students had not yet received bachelor’s degrees. The University runs a daily report that identifies all students with bachelor’s degrees and subsequently cancels all Pell assistance for those students. However, it did not run that daily report for a period of time prior to the Summer semester, which allowed those students’ inappropriate Pell awards to go undetected.

After auditors brought this matter to the University’s attention, the University provided evidence that it corrected the above Pell awards; therefore, there were no questioned costs. However, not properly awarding Pell Grant funds could result in the University awarding federal aid to ineligible students.

Recommendations:

The University should:

- Award eligible amounts of IASG.
- Award Pell Grant funds only to students who are eligible to receive those funds.
- Properly implement controls to identify students with bachelor's degrees.

Management Response and Corrective Action Plan:

Postsecondary Education Scholarships for Veteran's Dependents

Texas A&M Acknowledges and agrees with the finding. Manual entry of this particular grant resulted in a data entry error which provided a \$50.00 error in the amount of grant funds to be paid to this student. Due to sequestration and the reduction in the annual award for this grant, we could not increase the Iraq Afghanistan Grant to the amount the student was initially eligible for. We used institutional funds to award the student the \$50.00 that they were eligible for. This is a small program; we have historically had one or two recipients. The Central Processor has improved its ability to handle this program in an automated fashion and Banner has also improved the ability to handle the program. The Associate Director of processing will be responsible for handling this program in the future.

Implementation Date: August 19, 2013

Responsible Person: Heather Fountain

Post-baccalaureate Students Receiving Federal Pell Grants

Texas A&M acknowledges and agrees with the finding. We have a report titled Note Eligible Pell specifically to identify anyone with a degree who have received a degree as students often answer the Free Application for Federal Student Aid question number 28 incorrectly, which ask "will you have your first bachelor's degree before July 1, 20XX; thus Banner will award Pell as the student indicated they do not have a degree and their Expected Family Contribution is Pell Eligible. This report is to be worked weekly by a staff member and review of the finding identified that the report had not been worked in a timely manner to prevent Pell awards to two students who had bachelor's degree. We cancelled these awards on July 9, 2013 while the auditors were on site. The staff member responsible for this report has been retrained and communicated the importance of working all this report and any reports in a timely manner to prevent any future findings in this area.

Implementation Date: July 9, 2013

Responsible Person: Delisa Falks

Reference No. 2013-139

Special Tests and Provisions – Verification

(Prior Audit Issues 13-122 and 12-124)

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.268, Federal Direct Student Loans, P268K135286 and CFDA 84.063, Federal Pell Grant Program, P063P125286

Type of finding – Non-Compliance

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income (AGI), U.S. income taxes paid, child support paid, food stamps, education credits, individual retirement account deductions, and other untaxed income (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56, and *Federal Register*, Volume 76, Number 134). When the verification of a student’s eligibility results in a total difference of more than \$25 from the student’s original FAFSA, the institution must submit a correction and recalculate the expected family contribution (EFC) based on the student’s new information to determine whether an adjustment to Title IV assistance is required. For the federal Pell Grant Program, if an applicant's FAFSA information changes as a result of verification, an institution must recalculate the applicant's federal Pell Grant on the basis of the EFC on the corrected Student Aid Report (SAR) or valid Institutional Student Information Record (ISIR). The institution must disburse any additional funds under that award (Title 34, CFR, Section 668.59).

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

Texas A&M University (University) participates in the Quality Assurance Program (QAP) designed by the U.S. Department of Education. Under the QAP, participating institutions develop a quality improvement approach to their administration of the financial student assistance programs. The QAP provides participating institutions the ability to design a verification program that fits their population (2012-2013 *Application and Verification Guide*, page AVG-84). As a part of quality improvement for the verification process, the University’s policy requires verifying wages, income exclusions, and all of the items required by Title 34, CFR, Section 668.56.

For 2 (5 percent) of 40 students tested, the University did not accurately verify all required items on the FAFSA; therefore, it did not subsequently update its records and request an updated ISIR as required. Specifically, the University did not accurately verify the students’ AGI amounts. In both cases, the University did not correctly match supporting tax documentation with the ISIR information in the University’s financial aid system.

When auditors brought the errors to management’s attention, the University corrected the AGI amounts and uploaded the changes to the students’ ISIRs. The updated information changed the students’ EFCs, but that did not result in any underawards or overawards of student financial assistance; therefore, there were no questioned costs. Not properly verifying FAFSA information could result in the University overawarding or underawarding student financial assistance.

Recommendation:

The University should accurately verify all required FAFSA information for applicants selected for verification and request updated ISIRs when required.

Management Response and Corrective Action Plan:

Texas A&M University acknowledges and agrees with the finding. Manual review of entry of data for the verification process allows for human error, thus we have implemented a quality assurance review of all completed verification we found this process to eliminate many errors. We have retrained staff and requested careful review of all their work. In addition we have begun working with an outside vendor to complete our verification processing. We are reviewing items upon arrival in our office prior to sending to the outside vendor for processing. We will quality check the work of the outside vendor at 100% for the first six months. Based on review of their work for the first six months we will determine the frequency of quality checks needed. We believe the outside vendor will allow

for a more focused effort on verification of files; in our peak processing time with limited staff the number of files to be reviewed and the timeliness increases errors as we work to process the files within a five to seven day window. We will also have the outside vendor conduct a review of all AY 13-14 verification files.

Implementation Date: November 21, 2013 (outside vendor began working our verification files)

Responsible Persons: Heather Fountain and Bridgette Ingram

Reference No. 2013-140

Special Tests and Provisions – Enrollment Reporting

(Prior Audit Issue 13-123)

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A124136; CFDA 84.038, Federal Perkins Loan Program – Federal Capital Contributions, Award number not applicable; CFDA 84.063, Federal Pell Grant Program, P063P125286; CFDA 84.268, Federal Direct Student Loans, P268K135286; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T135286; and CFDA 84.408, Postsecondary Education Scholarships for Veteran’s Dependents, P408A125286

Type of finding – Significant Deficiency and Non-Compliance

Unless an institution expects to submit its next student status confirmation report to the Secretary of the U.S. Department of Education or the guaranty agency within the next 60 days, it must notify the guaranty agency or lender within 30 days if it discovers that a Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations, Sections 685.309(b) and 682.610(c)).

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

Texas A&M University (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to the National Student Loan Data System (NSLDS). Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to the respective lenders and guarantors. Additionally, NSC completes the roster file on the University’s behalf and communicates status changes to NSLDS as applicable. Although the University uses the services of NSC, it is still ultimately the University’s responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, Chapter 1).

The *NSLDS Enrollment Reporting Guide* states that, in the absence of a student’s formal withdrawal, the student’s last recorded date of attendance should be reported as the status change date. In addition, the effective date for a student who has never attended should be the date that the institution certifies the student’s “never attended” status, as reported to NSLDS (*NSLDS Enrollment Reporting Guide*, Appendix B).

For 4 (7 percent) of 60 student status changes tested, the University did not report the change to NSLDS accurately. Specifically:

- For one student, the University incorrectly reported the student’s enrollment status as withdrawn for the Fall 2012 semester. Although the student enrolled in classes for the Fall semester, the student received all non-passing grades in the Fall and did not provide evidence of attendance during the semester. In addition, the student was a first-time student at the University; therefore, the student’s enrollment status should have been reported as “never attended.”
- For one student who unofficially withdrew during the Fall 2012 semester, the University incorrectly reported the student’s enrollment status as full-time. The student received all non-passing grades in the Fall and did not

provide evidence of attendance during the semester. The University reported the effective date of the student's full-time status, when it should have reported the effective date of the student's withdrawal.

- For two students who unofficially withdrew during the Fall 2012 semester, the University reported incorrect withdrawal dates to the NSLDS. The University reported the last class day of the Fall 2012 semester as the withdrawal date when it should have reported the students' last recorded date of attendance. One of those students did not provide proof of attendance for the Fall 2012 semester. Auditors determined the last date of attendance for that student was December 14, 2011. The University received evidence that the other student had attended classes through October 29, 2012.

Although the University reported these students' enrollment statuses incorrectly, it appropriately canceled the students' federal assistance for the Fall 2012 semester. The errors discussed above occurred because of weaknesses in University processes. At the end of each semester, the University's Office of Financial Aid verifies changes in student enrollment statuses for students who do not complete the semester to determine whether unofficial withdrawals require a return of funds. However, the University's Registrar does not update NSLDS based on the withdrawal determinations and returns made by the Office of Financial Aid.

The University reported the correct enrollment statuses to the NSLDS for the students discussed above after auditors brought the errors to its attention. However, not reporting student status changes accurately and completely could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.

Recommendation:

The University should implement a process to help ensure that it accurately reports students who unofficially withdraw to NSLDS.

Management Response and Corrective Action Plan:

Texas A&M acknowledges and agrees with the finding. A new process has been put into place, at the end of a semester, if a student receives all failing grades, Scholarships & Financial Aid will contact the student's instructors to identify a "last date of academically related activity" for the student. If that date falls within the semester, the date is given to the Office of the Registrar for manual updating on the National Student Clearinghouse website and the NSLDS website. If the student is determined to have never attended during that semester, Scholarships & Financial Aid will provide this information to the Office of the Registrar for manual updating on the National Student Clearinghouse and NSLDS websites, thus Office of Registrar can report the last date of attendance for the last semester in which a student completed courses at the university. If the student is a first-time student at the university, the student will be reported as "never attended."

Implementation Date: June 2013

Responsible Persons: Cathy Littleton and Amy Suter

Texas A&M University – Commerce

Reference No. 2013-141

Eligibility

Special Tests and Provisions – Verification

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A124016; CFDA 84.063, Federal Pell Grant Program, P063P130384; CFDA 84.268, Federal Direct Student Loans, P268K130384; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T130384; CFDA 84.033, Federal Work Study Program, P033A124016; and CFDA 84.038, Federal Perkins Loan Program – Federal Capital Contributions, 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)).

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

Texas A&M University – Commerce (University) did not have sufficient change management controls for its student financial aid system, Banner. For all five system changes that auditors tested, the University did not have sufficient documentation supporting that (1) the changes were properly tested and authorized prior to being migrated to the production environment or (2) the changes were migrated to the production environment by authorized personnel. That increases the risk of unauthorized programming changes being made to critical information systems.

The University also did not consistently maintain appropriate administrator-level access. Specifically, one employee who was responsible for making programming changes for Banner had inappropriate access to the Banner production database. After auditors brought this to the University’s attention, the University removed the inappropriate access. Allowing users inappropriate or excessive access increases the risk of inappropriate changes to systems and does not allow for proper segregation of duties.

University management asserted that it reviews user access at the database level every six months; however, it does not document that review. The University also did not have a process to periodically review user access on application or server user accounts. This is not in compliance with the University’s user account management policy, which requires data owners to review access privileges to information resources at least biannually and for those reviews to be documented.

Although the general control weaknesses described above apply to eligibility and special tests and provisions – verification, auditors identified no compliance issues regarding those compliance requirements.

Recommendations:

The University should:

- Sufficiently document changes to key systems to support testing, authorization, and migration of changes to production by authorized personnel.
- Ensure that user access is appropriate based on job responsibilities.
- Comply with its policy to conduct formal, periodic reviews of user access to its key applications, databases, and servers.
- Comply with its policy to retain documentation of its user access reviews.

Management Response and Corrective Action Plan:

The Center of IT Excellence has implemented a Change Management process in November 2013. Required documentation for each change to production includes the following elements:

- Change Description
- Requestor
- Reason for Change
- Priority and Impact
- Configuration Items
- Start Date/Time
- Finish Date/Time
- Implementation Plan
- Risk Assessment
- Test Plan
- Back-out Plan
- Communication Plan

Each week the CAB, Change Approval Board, meets to discuss and approve/reject the submitted requests for that week. An Emergency change may be submitted if a change is required after the CAB meets for the week. At least one CAB member must approve all emergency changes. Stakeholders of any system that will experience any outage are notified prior to any change occurring. No change will be promoted to production unless testing has first been completed in the UAT environment and stakeholders have signed off on the change.” Service Request SR29451 was created to remove the improper access to production of one staff member.

Implementation Date: November 2013

Responsible Person: Tim Murphy

Texas State Technical College – Harlingen

Reference No. 2013-142

Eligibility

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P133162; CFDA 84.007, Federal Supplemental Educational Opportunity Grant, P007A134149; CFDA 84.268, Federal Direct Student Loans, P268K133162; and CFDA 84.033, Federal Work-Study Program, P033A134149

Type of finding – Significant Deficiency and Non-Compliance

Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student’s cost of attendance (COA) minus the expected family contribution (EFC) (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087kk). The phrase “cost of attendance” refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll). A full-time student is defined as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. For an undergraduate student, an institution’s minimum standard must equal or exceed 12 semester hours. A half-time student is defined as an enrolled student who is carrying a half-time academic workload, as determined by the institution, which amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student (Title 34, Code of Federal Regulations (CFR), Section 668.2).

Questioned Cost:	\$898
U.S. Department of Education	

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student’s Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student’s financial need (Title 34, CFR, Sections 673.5 and 668.2).

A federal Pell Grant is calculated by determining a student’s enrollment for the term, and then based on that enrollment status, determining the annual award from a disbursement schedule. The amount of a student’s award for an award year may not exceed his or her scheduled federal Pell Grant award for that award year (Title 34, CFR, Sections 690.63 (b) and (g)). No federal Pell Grant can exceed the difference between the EFC for a student and the COA at the institution in which the student is in attendance (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1070b).

Direct Loans have annual and aggregate limits that are the same for all students at a given grade level and dependency status. In general, a loan may not be more than the amount the borrower requests, the borrower’s cost of attendance, the borrower’s maximum borrowing limit, or the borrower’s unmet financial need (U.S. Department of Education 2012-2013 *Federal Student Aid Handbook*).

For 6 (10 percent) of 60 students tested, Texas State Technical College – Harlingen (College) did not calculate the students’ COA in accordance with its published COA schedule. Specifically:

- For 5 students, the College did not remove room and board and personal expense charges for terms the students did not attend, which resulted in the students’ COA being overstated. However, the College did not overaward assistance to those students as a result of that error.
- For 1 student, the College increased the student’s COA by \$2,500 in miscellaneous fees to offset a merit-based scholarship the student received, but it did not document its rationale for exercising that professional judgment. However, the College did not overaward assistance to that student as a result of that error.

In addition, for 2 (3 percent) of 60 students tested, the College overawarded need-based financial assistance and awarded financial assistance in excess of the students' COA. Specifically:

- Through a manual process, the College awarded one student \$794 in Subsidized Direct Loans. That assistance exceeded the student's need by \$794; therefore the amount of questioned costs associated with award P268K133162 was \$794. Additionally, that student's total assistance exceeded the student's COA by \$650. The \$650 overaward was associated with Direct Plus Loans, which also means that the student's assistance exceeded the Direct Plus Loan limit.
- The College awarded one student \$1,388 in Pell Grant funds even though the student's COA was only \$1,284. That resulted in a \$104 overaward of Pell Grant funds; therefore, the amount of questioned costs associated with award P063P133162 was \$104. The College awarded Pell Grant funds based on the student's Pell COA, which the College calculates differently from its institutional COA. The methodology the College used to determine Pell COA overstated the student's COA and resulted in the overaward of assistance.

These errors occurred because for the 2012-2013 award year, the College initially packaged student assistance based on full-time enrollment, regardless of students' actual enrollment. In summer 2013, the College redesigned its automated COA process and retroactively adjusted students' COA to reflect their actual enrollment for each term of the 2012-2013 award year. However, the College did not retroactively adjust COA for students whose COA budgets the College had locked following previous manual adjustments. Incorrectly calculating COA increases the risk that students may be overawarded or underawarded financial assistance.

The College's automated controls over Direct Loans and Pell Grant awards do not ensure that manually entered awards comply with federal assistance limits. In addition, the College awarded all Direct Loans through manual processes during the 2012-2013 award year. Thirteen staff members at the College have the ability to modify or override eligibility rules. That increases the risk of awards exceeding limits.

Satisfactory Academic Progress Policy

A student is eligible to receive Title IV, Higher Education Act (HEA) Program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that satisfy the provisions of Title 34, CFR, Section 668.16(e), and, if applicable, the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)). An institution's satisfactory academic progress (SAP) policy should include a qualitative component that consists of grades or comparable factors that are measureable against a norm, and a quantitative component that consists of a maximum time frame within which a student must complete his or her education (U.S. Department of Education *2012-2013 Federal Student Aid Handbook*).

An institution's policy must describe how a student's GPA and pace of completion are affected by course incompletes, withdrawals, or repetitions, or transfers of credit from other institutions. Credit hours from another institution that are accepted toward the student's educational program must count as both attempted and completed hours (Title 34, CFR, Section 668.34(a)(6)).

The College's automated SAP calculation process includes transfer credits as completed hours, but not as attempted hours; therefore, the College does not evaluate transfer hours as part of a student's maximum time frame and the College incorrectly calculates the pace of completion for students with transfer credits. As a result, for 4 (7 percent) of the 60 students tested, the College did not accurately include transfer hours in the students' SAP calculations. Those students still met the College's SAP requirements and were eligible to receive assistance. However, not including transfer hours as attempted and completed hours in the SAP calculation increases the risk that the College's calculation may not identify students who do not comply with either the maximum credit hour requirement or the pace of completion requirement. As a result, those students could receive financial assistance for which they are not eligible.

General Controls

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

The College did not maintain adequate user access controls over its Colleague student financial assistance application. Specifically:

- Eight administrators and the Colleague application vendor had access to a shared default Colleague system account for performing administrative tasks on the Colleague application. The number of individuals with access to that account was excessive.
- One of the Colleague administrators also had responsibilities as a programmer.
- Programmers migrated code to the Colleague production environment.

Allowing users inappropriate or excessive access to systems and allowing programmers to migrate code to the production environment increases the risk of inappropriate changes to systems and does not allow for proper segregation of duties.

The Texas State Technical College System maintains the Colleague application for all of its institutions.

Recommendations:

The College should:

- Calculate students' COA in accordance with its published COA schedule.
- Update its financial aid system with controls to prevent manual awards that exceed assistance limits.
- Calculate Pell COA and institutional COA uniformly to minimize the risk that students could be overawarded Pell Grant funds.
- Update its financial aid system to include transfer hours as both attempted and completed hours in its SAP calculations.
- Restrict the number of individuals who can access shared administrative accounts.
- Segregate the responsibilities for administrative tasks from programming tasks, and segregate the responsibilities for programming code from migrating code to the production environment.

Management Response and Corrective Action Plan:

COA

The College will calculate initial cost of attendance and awards based on full-time enrollment. After the census date each semester, an automated process will be run to adjust the cost of attendance based on the student's actual enrollment levels. Awards will be adjusted as needed in according to student's actual enrollment at official census date.

The Financial Aid Office will implement procedures to ensure that programming and setup of annual COA budgets is verified and correctly calculated. Training will be provided to the Financial Aid staff to be able trouble shoot, report, and/or correct errors in the financial aid management system.

Implementation Date: March 2014

Responsible Persons: Federico Peña, Jr. and Jaime Aguilar

Pell Grants

The College is working to assure that the Pell cost of attendance is calculating correctly and is uniformly applied to all student's to minimize the risk of overawarded and or under awarding the Pell Grant funds. The incorrect Pell was due to adjustments being made to the student's COA after the terms had ended, which caused the COA to be over inflated. Additional training has been implemented to address this issue to help prevent future reporting issues.

Implementation Date: March 2014

Responsible Persons: Federico Peña, Jr. and Jaime Aguilar

SAP

The College is working to assure that our SAP policy is in compliance with all federal requirements. A process will be created to assure that SAP is calculating on all students each term. Modification will be made to the College's automated SAP calculation process to include transfer credits that apply to the student's program. Our system will determine which students have reached the maximum time frame and who also did not comply with the GPA, the pace of completion or both. Although these processes were reviewed manually students still met the College's SAP requirements and were eligible to receive assistance. The College is in the process of updating the process to be automated.

Implementation Date: March 2014

Responsible Persons: Federico Peña, Jr. and Jaime Aguilar

General IT Controls

We agree with the findings related to the general control portion of the audit. During the course of the audit the inappropriate access identified by the auditors was immediately revoked. Going forward the Office of Information Technology (OIT) will periodically produce and distribute reports to executive management detailing employees with access to BAWD and FGLP. We will work with management to ensure related access is appropriate.

Implementation Date: Immediately

Responsible Person: Richard Martin

We have reduced the number of individuals that had access to the default Colleague administrator account from eight to three, and vendor access has been removed. The role of the Colleague administrator that had programming responsibilities will be changed. The administrative duties will be transferred to another individual by March 31st 2014.

Implementation Date: March 2014

Responsible Person: Richard Martin

Privileges that allowed programmers to migrate code to the production environment will be removed. We have begun planning to reassign the review and migrating function to another area within OIT.

Implementation Date: August 2014

Responsible Person: Richard Martin

The account management policy will be revised to include mandatory account reviews. In addition, a periodic sampling of user accounts will occur to verify the account reviews are operating as intended. Accounts that do not have proper authorization will be immediately suspended.

Implementation Date: August 2014

Responsible Person: Richard Martin

Reference No. 2013-143

Special Tests and Provisions – Verification

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.033, Federal Work-Study Program, P033A131419; CFDA 84.063, Federal Pell Grant Program, P063P133162; CFDA 84.007, Federal Supplemental Educational Opportunity Grant, P007A134149; and CFDA 84.268, Federal Direct Student Loans, P268K133162

Type of finding – Significant Deficiency and Non-Compliance

Verification of Applications

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income (AGI), U.S. income taxes paid, child support paid, food stamps, education credits, individual retirement account deductions, and other untaxed income (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56, and *Federal Register*, Volume 76, Number 134). When the verification of a student’s eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the student’s FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant’s financial aid package on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR). For the federal Pell Grant Program, if an applicant's FAFSA information changes as a result of verification, an institution must recalculate the applicant's federal Pell Grant on the basis of the EFC on the corrected ISIR and disburse any additional funds under that award (Title 34, CFR, Section 668.59).

Questioned Cost:	\$1,563
U.S. Department of Education	

For 14 (23 percent) of 60 students tested, Texas State Technical College – Harlingen (College) did not accurately verify all required information in student financial assistance applications and did not always correct student ISIR information when required. Specifically:

- For 1 student, the College did not accurately verify the number of household members enrolled in post-secondary education.
- For 7 students, the College did not accurately verify that the students received food stamps.
- For 1 student, the College did not accurately verify that the student had paid child support.
- For 6 students, the College did not accurately verify tax-related items on the students’ applications. Auditors identified application errors in AGI, income tax paid, untaxed pensions, and education credits.

According to the College, the errors occurred because of errors in manual processing during verification. Not properly verifying FAFSA information could result in the College overawarding or underawarding student federal financial assistance. Because the U.S. Department of Education’s due dates for ISIR correction had already passed at the time the errors were identified, the College was unable to request updated ISIRs for the affected students. However, the College asserted that the errors resulted in overawards of Pell Grant funds to two students totaling \$1,563 and an underaward of \$38 in Pell Grant funds to one student. The overawards and underaward were associated with award number P063P133162.

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, Subchapter C, Section 300(b)).

The College did not maintain adequate user access controls over its Colleague student financial assistance application. Specifically:

- Eight administrators and the Colleague application vendor had access to a shared default Colleague system account for performing administrative tasks on the Colleague application. The number of individuals with access to that account was excessive.
- One of the Colleague administrators also had responsibilities as a programmer.
- Programmers migrated code to the Colleague production environment.

Allowing users inappropriate or excessive access to systems and allowing programmers to migrate code to the production environment increases the risk of inappropriate changes to systems and does not allow for proper segregation of duties.

The Texas State Technical College System maintains the Colleague application for all of its institutions.

Recommendations:

The College should:

- Accurately verify all required FAFSA information for students it selects for verification and request updated ISIRs when required.
- Restrict the number of individuals who can access shared administrative accounts.
- Segregate the responsibilities for administrative tasks from programming tasks, and segregate the responsibilities for programming code from migrating code to the production environment.

Management Response and Corrective Action Plan:

The college will ensure that student's records are accurately verified by providing training to financial aid staff members. The financial aid staff members who made the verification errors have been provided the necessary training to insure these errors do not happen and to prevent future reporting issues.

Additional training will be provided to accurately verify all required verifiable items from the student's ISIRs when needed and submit corrections on items that meet or exceed the threshold of \$25. Trainings will be scheduled throughout the year during staff meetings and during state, national and or federal conferences.

Implementation Date: January 2014

Responsible Persons: Federico Peña, Jr. and Tillie Flores

General IT Controls

We agree with the findings related to the general control portion of the audit. During the course of the audit the inappropriate access identified by the auditors was immediately revoked. Going forward the Office of Information Technology (OIT) will periodically produce and distribute reports to executive management detailing employees with access to BAWD and FGLP. We will work with management to ensure related access is appropriate.

Implementation Date: Immediately

Responsible Person: Richard Martin

We have reduced the number of individuals that had access to the default Colleague administrator account from eight to three, and vendor access has been removed. The role of the Colleague administrator that had programming responsibilities will be changed. The administrative duties will be transferred to another individual by March 31st 2014.

Implementation Date: March 2014

Responsible Person: Richard Martin

Privileges that allowed programmers to migrate code to the production environment will be removed. We have begun planning to reassign the review and migrating function to another area within OIT.

Implementation Date August 2014

Responsible Person: Richard Martin

The account management policy will be revised to include mandatory account reviews. In addition, a periodic sampling of user accounts will occur to verify the account reviews are operating as intended. Accounts that do not have proper authorization will be immediately suspended.

Implementation Date: August 2014

Responsible Person: Richard Martin

Texas State Technical College – Waco

Reference No. 2013-144

Eligibility

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P122321; CFDA 84.007, Federal Supplemental Educational Opportunity Grant, P007A124147; CFDA 84.268, Federal Direct Student Loans, P268K132321; and CFDA 84.033, Federal Work-Study Program, P033A124147

Type of finding – Material Weakness and Non-Compliance

Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student’s cost of attendance (COA) minus the expected family contribution (EFC) (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087kk). The phrase “cost of attendance” refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

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

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student’s Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student’s financial need (Title 34, Code of Federal Regulations (CFR), Sections 673.5 and 668.2).

A full-time student is defined as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. For an undergraduate student, an institution’s minimum standard must equal or exceed 12 semester hours. A half-time student is defined as an enrolled student who is carrying a half-time academic workload, as determined by the institution, which amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student (Title 34, CFR, Section 668.2).

Texas State Technical College – Waco (College) uses full-time COA budgets to determine COA for all students receiving financial assistance, regardless of each student’s actual enrollment. As a result, for 15 (25 percent) of 60 students tested, the College based the students’ COA on full-time enrollment, even though the students attended less than full-time for one or more terms during the award year. Using a full-time COA budget to estimate COA for students who attend less than full-time increases the risk of overawarding financial assistance. Because the College developed only full-time COA budgets to determine COA, auditors could not determine whether the students in the sample tested who were attending less than full-time were overawarded financial assistance for the 2012-2013 school year.

Additionally, 1 (2 percent) of 60 students tested attended Texas State Technical College – Harlingen in the Fall 2012 term and Texas State Technical College – Waco in the Spring 2013 term. The College does not have a process to adjust COA budgets to reflect enrollment at multiple College campuses within the same award year. As a result, auditors could not determine whether that student’s COA budget was appropriate or whether that student was overawarded financial assistance for the 2012-2013 award year.

Pell Grants

For the federal Pell Grant program, institutions use the payment and disbursement schedules provided each year by the U.S. Department of Education for determining award amounts (Title 34, CFR, Section 690.62). Those schedules provide the maximum annual amount a student would receive for a full academic year for a given enrollment status,

EFC, and COA. There are separate schedules for three-quarter-time, half-time, and less-than-half-time students (U.S. Department of Education *2012-2013 Federal Student Aid Handbook*).

For 1 (2 percent) of 60 students tested, the Pell Grant award exceeded the amount for which the student was eligible for the award year. The student was enrolled half-time for the Summer 2013 term but was awarded a full-time Pell Grant for that term. As a result, the College overawarded that student \$925 in Pell Grant assistance. The College's automated controls over Pell awards do not ensure that manually entered awards comply with federal assistance limits. The College reviews a report of all Pell disbursements for each term to ensure that the correct amount of Pell has disbursed based on EFC and enrollment level; however, that control is not always effective. After auditors brought the error to the College's attention, the College corrected the Pell award; therefore, there were no questioned costs.

The automated control issue discussed above also affects Direct Loan awards; however, auditors did not identify any compliance errors related to Direct Loan awards.

Federal Supplemental Educational Opportunity Grants

The Federal Supplemental Educational Opportunity Grant (FSEOG) program provides grants to eligible undergraduate students. Institutions are required to award FSEOG first to federal Pell Grant recipients who have the lowest EFC. If an institution has FSEOG funds remaining after giving FSEOG awards to all Pell Grant recipients, it can then award the remaining FSEOG funds to eligible students with the lowest EFCs who did not receive Pell Grants (Title 34, CFR, Section 676.10).

Based on a review of the full population of student financial assistance recipients, the College awarded \$281 in FSEOG assistance to one student who did not also receive a Pell Grant; it did not award FSEOG assistance to all other Pell Grant recipients before awarding FSEOG assistance to that student. The student had already received the lifetime eligibility amount for Pell Grants and, therefore, was no longer eligible to receive a Pell Grant. When identifying potential students eligible for FSEOG, the College ran a query to find Pell-eligible students, but it did not check for an actual Pell Grant disbursement within the award year. After auditors brought the error to the College's attention, the College returned the FSEOG award; therefore, there were no questioned costs.

Satisfactory Academic Progress Policy

A student is eligible to receive Title IV, Higher Education Act (HEA) Program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that satisfy the provisions of Title 34, CFR, Section 668.16(e), and, if applicable, the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)). An institution's satisfactory academic progress (SAP) policy should include a qualitative component that consists of grades or comparable factors that are measureable against a norm, and a quantitative component that consists of a maximum time frame within which a student must complete his or her education (U.S. Department of Education *2012-2013 Federal Student Aid Handbook*).

An institution's policy must describe how a student's GPA and pace of completion are affected by course incompletes, withdrawals, or repetitions, or transfers of credit from other institutions. Credit hours from another institution that are accepted toward the student's educational program must count as both attempted and completed hours (Title 34, CFR, Section 668.34(a)(6)).

The College does not apply its SAP policy consistently, and its SAP policy does not meet all federal requirements. For 1 (2 percent) of 60 students tested, the College did not evaluate the student's SAP status at the end of each term as required by its SAP policy. The student was enrolled in the Fall 2012 term; however, the College did not calculate the student's SAP for that term. The College could not explain why it excluded that student from its SAP calculation process for that term. Therefore, auditors were unable to determine whether that issue also affected other students who received financial assistance in the 2012-2013 award year. Based on the student's GPA, pace, and maximum hours, the student's academic progress would have been satisfactory for that term; therefore, the student was eligible for financial assistance in the Spring 2013 term.

In addition, the College's SAP policy states that transfer hours that apply toward the completion of a student's program will be counted in attempted credits; however, the policy does not state that transfer hours will be counted

in completed credits. **Further, the College’s automated SAP calculation process does not include transfer credits as either attempted or completed hours; therefore, the College does not evaluate transfer hours as part of a student’s completion rate or maximum time frame.** For 1 (2 percent) of 60 students tested, the total combined institutional and transfer hours exceeded the student’s program’s maximum time frame; however, because the College did not include the student’s transfer hours in its SAP calculation, the College did not place that student on suspension. After auditors brought the error to the College’s attention, the College reviewed the student’s transfer hours to determine how many hours applied to the student’s program. Based on that review, the student was eligible for financial assistance in the 2012-2013 award year.

Additionally, the College’s SAP policy states that if a student repeats a course, it will count both course attempts in the maximum credit hours and pace of completion calculation. However, the College’s SAP calculation excludes repeated courses from a student’s cumulative attempted hours. Auditors did not identify any compliance errors as a result of that issue. However, not including transfer hours and repeated courses as attempted and completed hours in the SAP calculation increases the risk that the College’s calculation may not identify students who do not comply with either the maximum credit hour requirement or the pace of completion requirement. As a result, those students could receive financial assistance for which they are not eligible.

The College’s SAP policy also states that a student who has reached the maximum time frame for the student’s program of study will be placed on suspension. According to the SAP policy, after the maximum time frame has passed, students cannot regain satisfactory progress or financial assistance eligibility unless they submit an appeal detailing the mitigating circumstances. However, the College’s SAP process does not follow that policy. For all students who have reached their maximum time frame, the College reviews the students’ academic progress and determines whether the students’ should continue to receive financial assistance. That review includes students who have reached their maximum time frames and may not have complied with another SAP requirement (such as GPA or pace completion requirements). The College does not require those students to submit appeals. The College also does not retain documentation of the rationale it uses to determine whether a student should continue to receive financial assistance. Not requiring students to submit a SAP appeal violates both the College’s policy and federal requirements. As a result, students may be receiving financial assistance for which they are not eligible.

Seven (12 percent) of 60 students tested had reached the maximum time frame for their program and the College had approved them to continue receiving financial assistance without submitting an appeal. Five of those students also did not comply with the GPA requirement, the pace of completion requirement, or both of those requirements.

Additionally, 281 students had reached the maximum time frame for their program as of the Summer 2013 term. The College approved 256 (91 percent) of those students to continue receiving financial assistance without submitting an appeal. Of those 256 students, 98 (38 percent) also did not comply with the GPA requirement, the pace of completion requirement, or both of those requirements.

General Controls

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

The College did not maintain adequate user access controls over its Colleague student financial assistance application. Specifically:

- Fifteen individuals had inappropriate access based on their job responsibilities to either award or post federal grants and loans.
- Eight administrators and the Colleague application vendor had access to a shared default Colleague system account for performing administrative tasks on the Colleague application. The number of individuals with access to that account was excessive.
- One of the Colleague administrators also had responsibilities as a programmer.
- Programmers migrated code to the Colleague production environment.

Allowing users inappropriate or excessive access to systems and allowing programmers to migrate code to the production environment increases the risk of inappropriate changes to systems and does not allow for proper segregation of duties.

In addition, the College did not conduct a formal, periodic review of user access to its Colleague application to determine the appropriateness of users' access based on their job responsibilities. It did not have any policies requiring such reviews. Not periodically reviewing user access increases the risk of inappropriate access to critical information systems.

The Texas State Technical College System maintains the Colleague application for all of its institutions.

Recommendations:

The College should:

- Determine each student's COA and financial need based on the student's expected or actual enrollment.
- Award students the correct amount of Pell Grants according to their enrollment status.
- Implement a process to ensure that awards that it manually enters into the financial aid system do not exceed annual aid limits.
- Award FSEOG assistance only to eligible students.
- Ensure that its SAP policy meets federal requirements and that its SAP process aligns with that policy.
- Appropriately limit access to perform key functions for federal grants and loans based on job responsibilities.
- Restrict the number of individuals who can access shared administrative accounts.
- Segregate the responsibilities for administrative tasks from programming tasks, and segregate the responsibilities for programming code from migrating code to the production environment.
- Establish and implement a policy to perform formal, periodic reviews of user access to its key information systems and retain documentation of those reviews.

Management Response and Corrective Action Plan:

Cost of Attendance

The college will calculate initial cost of attendance and awards based on full-time enrollment. After the census date each semester, a process will be run to adjust the cost of attendance based on the student's actual enrollment status. Awards will be adjusted as needed.

Implementation Date: November 2013

Responsible Person: Jackie Adler

Pell Grants

The incorrect Pell amount was due to a manual adjustment being made to the student's record. Additional training has been implemented to address this issue. A management report had been created to identify errors such as this, but the error was missed on the report. The report has been modified and is now being reviewed weekly by the Assistant Director of Financial Aid.

Implementation Date: October 2013

Responsible Person: Jackie Adler

Federal Supplemental Educational Opportunity Grants

The student in question had been eligible for a Pell grant at the time FSEOG was awarded but the Pell was cancelled because the student had reached Pell LEU status. A management report has now been created to identify errors such as this and will be reviewed weekly by the Assistant Director of Financial Aid.

Implementation Date: October 2013

Responsible Person: Jackie Adler

Satisfactory Academic Progress Policy

The college is working to assure that our SAP policy is in compliance with all federal requirements. A process will be created to assure that SAP is calculating on all students each term.

The SAP policy will be updated to indicate that transfer credits will count in both the attempted and completed credits. Rather than modifying the College's automated SAP calculation process to include transfer credits, a management report will be created to determine which students have reached the maximum time frame due to transfer hours and their SAP status will be updated accordingly.

Due to a programming error, our system was not including repeat courses in the maximum credit hours and cumulative pace of completion calculation. This has been corrected.

The SAP policy will be revised to address the new appeals procedures for students who reach the maximum time frame. Our system will also now determine which students have reached the maximum time frame and who also did not comply with the GPA, the pace of completion or both. Students in both of these categories will be required to file appeals. If the appeals are not approved, the student will be ineligible for further financial aid.

Implementation Date: April 2014

Responsible Person: Jackie Adler

General IT Controls

We agree with the findings related to the general control portion of the audit. During the course of the audit the inappropriate access identified by the auditors was immediately revoked. Going forward the Office of Information Technology (OIT) will periodically produce and distribute reports to executive management detailing employees with access to BAWD and FGLP. We will work with management to ensure related access is appropriate.

Implementation Date: Immediately

Responsible Person: Richard Martin

We have reduced the number of individuals that had access to the default Colleague administrator account from eight to three, and vendor access has been removed. The role of the Colleague administrator that had programming responsibilities will be changed. The administrative duties will be transferred to another individual by March 31st 2014.

Implementation Date: March 2014

Responsible Person: Richard Martin

Privileges that allowed programmers to migrate code to the production environment will be removed. We have begun planning to reassign the review and migrating function to another area within OIT.

Implementation Date: August 2014

Responsible Person: Richard Martin

The account management policy will be revised to include mandatory account reviews. In addition, a periodic sampling of user accounts will occur to verify the account reviews are operating as intended. Accounts that do not have proper authorization will be immediately suspended.

Implementation Date: August 2014

Responsible Person: Richard Martin

Reference No. 2013-145

Special Tests and Provisions – Verification

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P122321; CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A124147; CFDA 84.268, Federal Direct Student Loans, P268K132321; and CFDA 84.033, Federal Work-Study Program, P033A124147

Type of finding – Significant Deficiency and Non-Compliance

Verification of Applications

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income (AGI), U.S. income taxes paid, child support paid, food stamps, education credits, IRA deductions, and other untaxed income (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56 and *Federal Register*, Volume 76, Number 134). When the verification of an applicant’s eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the student’s FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant’s financial aid package on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR). For the Federal Pell Grant Program, if an applicant’s FAFSA information changes as a result of verification, an institution must recalculate the applicant’s federal Pell Grant on the basis of the EFC on the corrected ISIR and disburse any additional funds under that award (Title 34, CFR, Section 668.59).

Questioned Cost:	\$150
U.S. Department of Education	

For 8 (13 percent) of 60 applicants tested, Texas State Technical College – Waco (College) did not accurately verify all required information in student financial assistance applications and did not always correct applicant ISIR information when required. Specifically, the College did not always accurately verify the applicants’ education credits, income tax paid, or household members. According to the College, that resulted in an overaward of \$150 to one student and underawards totaling \$101 to two students in federal Pell Grant funds associated with award P063P122321.

For the eight students discussed above, the College also did not correct the students’ ISIRs to reflect the accurate information at the time of verification. The College was unable to request updated ISIRs for those students when auditors brought the errors to its attention because that occurred after the U.S. Department of Education’s due date

for corrections. Therefore, the effects on EFC and assistance noted above, including the questioned costs, are based on the College's assertion. The errors occurred because of manual errors the College made in verification.

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, Subchapter C, Section 300(b)).

The College did not maintain adequate user access controls over its Colleague student financial assistance application. Specifically:

- Fifteen individuals had inappropriate access based on their job responsibilities to either award or post federal grants and loans.
- Eight administrators and the Colleague application vendor had access to a shared default Colleague system account for performing administrative tasks on the Colleague application. The number of individuals with access to that account was excessive.
- One of the Colleague administrators also had responsibilities as a programmer.
- Programmers migrated code to the Colleague production environment.

Allowing users inappropriate or excessive access to systems and allowing programmers to migrate code to the production environment increases the risk of inappropriate changes to systems and does not allow for proper segregation of duties.

In addition, the College did not conduct a formal, periodic review of user access to its Colleague application to determine the appropriateness of users' access based on their job responsibilities. It did not have any policies requiring such reviews. Not periodically reviewing user access increases the risk of inappropriate access to critical information systems.

The Texas State Technical College System maintains the Colleague application for all of its institutions.

Recommendations:

The College should:

- Accurately verify all required FAFSA information for applicants selected for verification and request updated ISIRs when required.
- Appropriately limit access to perform key functions for federal grants and loans based on job responsibilities.
- Restrict the number of individuals who can access shared administrative accounts.
- Segregate the responsibilities for administrative tasks from programming tasks, and segregate the responsibilities for programming code from migrating code to the production environment.
- Establish and implement a policy to perform formal, periodic reviews of user access to its key information systems and retain documentation of those reviews.

Management Response and Corrective Action Plan:

Verification

The college has provided additional training to TSTC staff members who made the verification errors. Those staff members were performing verification at the same time they were answering a large volume of phone calls so that caused them to make some errors.

In order to speed up the verification process and to assure that verification was performed accurately, we outsourced it to EdFinancial in April 2013. The Edfinancial staff operates in a 100% quality control environment

with each new client. Their staff reviews every file, ensuring that every application was verified accurately and that the Colleague system was updated correctly. They review 100% of files until they consistently maintain a standard accuracy rate of 97%. Once reached, Edfinancial continues through the duration of the contract by reviewing 30% of applications. In an effort to check the accuracy of EdFinancial's work, our Assistant Director of Financial Aid and/or her staff will verify a random sample of files.

Implementation Date: November 2013

Responsible Person: Jackie Adler

General IT Controls

We agree with the findings related to the general control portion of the audit. During the course of the audit the inappropriate access identified by the auditors was immediately revoked. Going forward the Office of Information Technology (OIT) will periodically produce and distribute reports to executive management detailing employees with access to BAWD and FGLP. We will work with management to ensure related access is appropriate.

Implementation Date: Immediately

Responsible Person: Richard Martin

We have reduced the number of individuals that had access to the default Colleague administrator account from eight to three, and vendor access has been removed. The role of the Colleague administrator that had programming responsibilities will be changed. The administrative duties will be transferred to another individual by March 31st 2014.

Implementation Date: March 2014

Responsible Person: Richard Martin

Privileges that allowed programmers to migrate code to the production environment will be removed. We have begun planning to reassign the review and migrating function to another area within OIT.

Implementation Date: August 2014

Responsible Person: Richard Martin

The account management policy will be revised to include mandatory account reviews. In addition, a periodic sampling of user accounts will occur to verify the account reviews are operating as intended. Accounts that do not have proper authorization will be immediately suspended.

Implementation Date: August 2014

Responsible Person: Richard Martin

Texas State Technical College – West Texas

Reference No. 2013-146

Eligibility

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P123266; CFDA 84.007, Federal Supplemental Educational Opportunity Grant, P007A124150; CFDA 84.268, Federal Direct Student Loans, P268K123266; and CFDA 84.033, Federal Work-Study Program, P033A124150

Type of finding – Material Weakness and Non-Compliance

Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student’s cost of attendance (COA) minus the expected family contribution (EFC) (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087kk). The phrase “cost of attendance” refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Questioned Cost:	\$8,318
U.S. Department of Education	

A full-time student is defined as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. For an undergraduate student, an institution’s minimum standard must equal or exceed 12 semester hours. A half-time student is defined as an enrolled student who is carrying a half-time academic workload, as determined by the institution, which amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student (Title 34, CFR, Section 668.2).

Texas State Technical College – West Texas (College) uses full-time COA budgets to determine COA for all students receiving financial assistance, regardless of each student’s actual enrollment. As a result, for 23 (38 percent) of 60 students tested, the College based the students’ COA on full-time enrollment, even though the students attended less than full-time for one or more terms during the award year. Using a full-time COA budget to estimate COA for students who attend less than full-time increases the risk of overawarding financial assistance. Because the College developed only full-time COA budgets to determine COA, auditors could not determine whether the students in the sample tested who were attending less than full-time were overawarded financial assistance for the 2012-2013 award year.

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, CFR, Section 668.16(e), and, if applicable, the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)). An institution’s satisfactory academic progress (SAP) policy should include a qualitative component that consists of grades, or comparable factors that are measureable against a norm, and a quantitative component that consists of a maximum time frame within which a student must complete his or her education (U.S. Department of Education 2012-2013 *Federal Student Aid Handbook*).

An institution’s policy must describe how a student's GPA and pace of completion are affected by course incompletes, withdrawals, or repetitions, or transfers of credit from other institutions. Credit hours from another institution that are accepted toward the student's educational program must count as both attempted and completed hours (Title 34, CFR, Section 668.34(a)(6)).

The College does not apply its SAP policy consistently, and its SAP policy does not meet all federal requirements. For 7 (13 percent) of 56 students tested, the College did not consider the correct SAP status or calculate SAP in compliance with its SAP policy. Specifically:

- For three students, the College did not calculate SAP for the students' last term of enrollment preceding the 2012-2013 academic year; therefore, the College considered the SAP status for an incorrect term when determining those students' eligibility for assistance. Those students had gaps in enrollment of between 3 and 11 years prior to the 2012-2013 academic year; however, the College could not explain why it did not calculate SAP for those years. As a result, one of those students should have been placed in a different SAP status, which would have made that student ineligible for assistance for at least one term during the year. Therefore, that student's, \$3,465 in Direct Student Loan assistance associated with award number P268K123266 was considered a questioned cost.
- For two students, the College did not calculate SAP for a term in which the students were enrolled only in partnership courses. At the College, students are eligible to receive financial assistance while enrolled in partnership courses at another institution.
- For two students, the College assigned the incorrect SAP status. For one student, the College did not consider the student's transfer hours in its pace component calculations. The College placed the other student on an academic plan in lieu of suspension; however, the College was unable to provide documentation of that plan. As a result, one of those students was ineligible for assistance for at least one term during the year. Therefore, that student's \$1,388 in Pell Grant funds associated with award number P063P123266 and \$3,465 in Direct Student Loan assistance associated with award number P268K123266 were considered questioned costs.

Additionally, for 41 (73 percent) of the 56 students tested, the SAP components, such as courses attempted or completed and GPA, that auditors calculated did not match the SAP components on which the College relied when it awarded assistance. The College asserted that it relies on the Texas State Technical College System to run the automated SAP calculation for the College. As a result, College personnel have a limited understanding of the automated SAP calculations in the financial aid system; therefore, the College was unable to provide explanations regarding certain discrepancies identified or provide definitive guidance regarding the data included in the automated calculation. The College also may not be consistently entering courses into its student record system, which would further affect the automated SAP calculations.

In addition, the College's SAP policy states that transfer hours that apply toward the completion of a student's program will be counted in attempted credits; however, it does not state that transfer hours will be counted in completed credits. Further, the College's automated SAP calculation process includes transfer credits as completed hours, but not as attempted hours; therefore, the College does not evaluate transfer hours as part of a student's maximum time frame, and it incorrectly calculates the pace of completion for students with transfer credits. Thirty-seven (66 percent) of 56 students tested had transfer credits.

Not correctly evaluating students' satisfactory academic progress or including all required elements in the policy increases the risk of awarding financial assistance to ineligible students.

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, Subchapter C, Section 300(b)).

The College did not maintain adequate user access controls over its Colleague student financial assistance application. Specifically:

- Three individuals had inappropriate access based on their job responsibilities to post federal grants and loans.
- Eight administrators and the Colleague application vendor had access to a shared default Colleague system account for performing administrative tasks on the Colleague application. The number of individuals with access to the account was excessive.
- One of the Colleague administrators also had responsibilities as a programmer.
- Programmers migrated code to the production environment.

Allowing users inappropriate or excessive access to systems and allowing programmers to migrate code to the production environment increases the risk of inappropriate changes to systems and does not allow for proper segregation of duties.

In addition, the College did not conduct a formal, periodic review of user access to its Colleague application to determine the appropriateness of users' access based on their job responsibilities. It did not have any policies requiring such reviews. Not periodically reviewing user access increases the risk of inappropriate access to critical information systems go undetected.

The Texas State Technical College System maintains the Colleague application for all of its institutions.

Recommendations:

The College should:

- Ensure that each student's COA and financial need is based on the student's expected or actual enrollment.
- Use less-than-half-time COA budgets to accurately budget students and minimize the risk of overawarding financial assistance.
- Ensure that its SAP policy meets federal requirements and that its SAP process aligns with that policy.
- Appropriately limit access to perform key functions for federal grants and loans based on job responsibilities.
- Restrict the number of individuals who can access shared administrative accounts.
- Segregate the responsibilities for administrative tasks from programming tasks, and segregate the responsibilities for programming code from migrating code to the production environment.
- Establish and implement a policy to perform formal, periodic reviews of user access to its key information systems and retain documentation of those reviews.

Management Response and Corrective Action Plan:

Cost of Attendance

TSTC West Texas will calculate the initial cost of attendance and awards based on full-time enrollment. Each semester, a process to adjust the cost of attendance budget based on the student's actual enrollment status will be completed after the census date of the last module class. Awards will be adjusted as needed to minimize the risk of overawarding financial assistance. This process will be retroactive to the 2013 fall term and completed prior to the beginning of the 2014 spring term.

Although we were not previously adjusting COA budgets, Pell grants and certain other aid were prorated and disbursed based on actual enrollment for the term. The majority of our students have high amounts of unmet need which prevents most overaward issues associated with COA budgets. Additional controls in place include the manual review of reports to identify students with potential overawards by comparing actual award amounts to federally calculated amounts thus mitigating overawarding of financial assistance.

Implementation Date: December 2013

Responsible Person: Connie Chance

Satisfactory Academic Progress (SAP) Policy

The current TSTC West Texas SAP policy will be amended to ensure it meets federal requirements and that SAP processes align with the policy. Transfer credits will count in both the attempted and completed credits and new appeals procedures for students who reach the maximum time frame will be addressed.

Until the College's automated SAP calculation process can be changed to include transfer credits, a management report will be created to determine which students have reached the maximum time frame due to transfer hours, and their SAP status will be updated as needed.

We will review the automated SAP calculation process to ensure that all students are included. A report will be generated listing any students that have not been calculated. Each student will be addressed on an individual basis to determine the correct SAP status and the reason the student was not calculated in the original batch process.

Most of the SAP violations appear to be the result of classes taken by students at partner colleges. Because we no longer have these partnerships, these class types will not present an ongoing problem. Going forward, classes previously taken through partnerships will be handled as any other transfer credit.

For maximum time issues cited by the auditors, we will continue to identify these students through a system generated report. While we have always actively identified, reviewed, and made decisions on continued aid for these students, we did not actually require written appeals from the students because of the actions initiated by us. Students will now be required to sign a written appeal to help evidence our review of these situations, to reduce any misunderstanding and to align our processes with the written policy.

Financial aid staff are well versed in the applicable policies, rules, and regulations used for determining the SAP. We will meet with our programmers to identify potential differences to ensure programming logic fully aligns with the rules and regulations.

Implementation Date: April 2014

Responsible Person: Connie Chance

General IT Controls

During the course of the audit three individuals were identified with inappropriate access based on their job duties which were immediately revoked. The Director of Administrative Technology conducts and documents an annual review by which each supervisor reviews and approves their employee's user access. In order to further enhance this process the Office of Information Technology (OIT) will revise the account management policy to include formal, periodic reviews of user access. OIT will distribute reports to executive management to ensure related access is appropriate. In addition, a periodic sampling of user accounts will occur to verify the account reviews are operating as intended. Accounts that do not have proper authorization will be immediately suspended.

Implementation Date: August 2014

Responsible Person: Richard Martin

The number of individuals with access to the default Colleague administrator account has been reduced from eight to three and vendor access has been removed. The role of the Colleague administrator with programming responsibilities will be changed and the administrative duties will be transferred to another individual.

Implementation Date: March 2014

Responsible Person: Richard Martin

Privileges that allowed programmers to migrate code to the production environment will be removed. We will reassign the review and migrating function to another area within OIT.

Implementation Date: August 2014

Responsible Person: Richard Martin

Reference No. 2013-147

Special Tests and Provisions – Verification

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grant, P007A124150; CFDA 84.033, Federal Work Study Program, P033A124150; CFDA 84.063, Federal Pell Grant Program, P063P123266; and CFDA 84.268, Federal Direct Student Loans, P268K133266

Type of finding – Significant Deficiency and Non-Compliance

Verification of Applications

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income (AGI), U.S. income taxes paid, child support paid, food stamps, education credits, IRA deductions, and other untaxed income. (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56 and *Federal Register*, Volume 76, Number 134). When the verification of an applicant’s eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the student’s FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant’s financial aid package on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR). For the federal Pell Grant Program, if an applicant’s FAFSA information changes as a result of verification, an institution must recalculate the applicant’s federal Pell Grant on the basis of the EFC on the corrected ISIR and disburse any additional funds under that award (Title 34, CFR, Section 668.59).

Questioned Cost:	\$567
U.S. Department of Education	

For 12 (20 percent) of 60 students tested, Texas State Technical College – West Texas (College) did not accurately verify all required information in student financial assistance applications and did not always correct applicant ISIR information when required. According to the College, that resulted in overawards of federal Pell Grant funds totaling \$567 associated with award number P063P123266. Specifically:

- For 6 (43 percent) of the 14 students tested whose households received food stamps, the College did not accurately verify whether the students received food stamps. There was no change in EFC or aid associated with those errors.
- For 2 (29 percent) of the 7 students tested who reported child support paid, the College did not accurately verify the students’ applications to reflect the correct amount paid. For both students, child support paid was overstated. That caused both students’ EFCs to be understated and resulted in overawards of federal Pell Grant funds totaling \$567.
- For 2 (7 percent) of the 30 students tested who reported income tax paid, the College did not accurately verify the students’ application to reflect the correct amount paid. For both students, income tax paid was understated. That caused both students’ EFCs to be overstated, but it did not affect the students’ assistance amounts.
- For the 1 student tested who reported an IRA deduction, the College did not accurately verify the student's application to reflect the deduction. The IRA deduction was understated. That caused the student’s EFC to be understated, but it did not affect the student’s assistance amount.
- For 1 (3 percent) of 40 students tested who were non-tax filers and reported income from work, the College did not accurately verify the student's application to reflect the income. The student's income was overstated. However, that did not change the student’s EFC or affect the student’s assistance.

For the 12 students discussed above, the College did not correct the students’ ISIRs to reflect the accurate information at the time of verification. The College was unable to request updated ISIRs for those students when auditors brought the errors to its attention because that occurred after the U.S. Department of Education’s due date for corrections. Therefore, the effects on EFC and assistance noted above, including the questioned costs, are based on the College’s assertion.

According to the College, the errors occurred because of errors in manual processing during verification. In addition, the process the College uses to monitor verification is inadequate to ensure the overall quality of verifications

performed. Not properly verifying FAFSA information can result in the College overawarding or underawarding student financial assistance.

General Controls

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

The College did not maintain adequate user access controls over its Colleague student financial assistance application. Specifically:

- Three individuals had inappropriate access based on their job responsibilities to post federal grants and loans.
- Eight administrators and the Colleague application vendor had access to a shared default Colleague system account for performing administrative tasks on the Colleague application. The number of individuals with access to the account was excessive.
- One of the Colleague administrators also had responsibilities as a programmer.
- Programmers migrated code to the production environment.

Allowing users inappropriate or excessive access to systems and allowing programmers to migrate code to the production environment increases the risk of inappropriate changes to systems and does not allow for proper segregation of duties.

In addition, the College did not conduct a formal, periodic review of user access to its Colleague application to determine the appropriateness of users' access based on their job responsibilities. It did not have any policies requiring such reviews. Not periodically reviewing user access increases the risk of inappropriate access to critical information systems go undetected.

The Texas State Technical College System maintains the Colleague application for all of its institutions.

Recommendations:

The College should:

- Accurately verify all required FAFSA information for the students selected for verification and correct the students' applications when required.
- Strengthen the process it uses to monitor the quality of verifications.
- Appropriately limit access to perform key functions for federal grants and loans based on job responsibilities.
- Restrict the number of individuals who can access shared administrative accounts.
- Segregate the responsibilities for administrative tasks from programming tasks, and segregate the responsibilities for programming code from migrating code to the production environment.
- Establish and implement a policy to perform formal, periodic reviews of user access to its key information systems and retain documentation of those reviews.

Management Response and Corrective Action Plan:

Verification

In order to strengthen the verification process, the college will provided additional verification training to financial aid staff members during monthly staff meetings and participation in related webinars. Staff members have been performing verification duties while answering a large volume of phone calls and assisting students which contributed to the noted errors and oversights. The college will provide uninterrupted block hours for each staff member to improve accuracy.

We have submitted a request to the administration to outsource verification services of our files to ensure that each application was verified accurately and that the Colleague system was updated correctly. The Assistant Director of Financial Aid and/or her staff will verify a random sample of files for each term.

Implementation Date: April 2014

Responsible Person: Connie Chance

General IT Controls

During the course of the audit three individuals were identified with inappropriate access based on their job duties which were immediately revoked. The Director of Administrative Technology conducts and documents an annual review by which each supervisor reviews and approves their employee's user access. In order to further enhance this process the Office of Information Technology (OIT) will revise the account management policy to include formal, periodic reviews of user access. OIT will distribute reports to executive management to ensure related access is appropriate. In addition, a periodic sampling of user accounts will occur to verify the account reviews are operating as intended. Accounts that do not have proper authorization will be immediately suspended.

Implementation Date: August 2014

Responsible Person: Richard Martin

The number of individuals with access to the default Colleague administrator account has been reduced from eight to three and vendor access has been removed. The role of the Colleague administrator with programming responsibilities will be changed and the administrative duties will be transferred to another individual.

Implementation Date: March 2014

Responsible Person: Richard Martin

Privileges that allowed programmers to migrate code to the production environment will be removed. We will reassign the review and migrating function to another area within OIT.

Implementation Date: August 2014

Responsible Person: Richard Martin

Texas State University

Reference No. 2013-148

- Special Tests and Provisions – Enrollment Reporting**
- Activities Allowed or Unallowed**
- Cash Management**
- Eligibility**
- Period of Availability of Federal Funds**
- Reporting**
- Special Tests and Provisions – Separate Funds**
- Special Tests and Provisions – Verification**
- Special Tests and Provisions – Disbursements To or On Behalf of Students**
- Special Tests and Provisions – Return of Title IV Funds**
- Special Tests and Provisions – Borrower Transmission and Reconciliation (Direct Loan)**

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grant, P007A124122; CFDA 84.033, Federal Work-Study Program, P033A124122; CFDA 84.063, Federal Pell Grant Program, P063P120387; CFDA 84.268, Federal Direct Student Loans, P268K130387; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T130387; and CFDA 84.408, Postsecondary Education Scholarships for Veteran’s Dependents, P408A12038

Type of finding – Significant Deficiency and Non-Compliance

Enrollment Reporting

Unless an institution expects to submit its next student status confirmation report to the Secretary of the U.S. Department of Education or the guaranty agency within the next 60 days, it must notify the guaranty agency or lender within 30 days if it discovers that a Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations, Sections 685.309(b) and 682.610(c)).

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

Texas State University (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to the National Student Loan Data System (NSLDS). Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to the respective lenders and guarantors. Additionally, NSC completes the roster file on the University’s behalf and communicates status changes to NSLDS as applicable. Although the University uses the services of NSC, it is still ultimately the University’s responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, Chapter 1).

The University did not update NSLDS with correct withdrawal dates for four students during the award year. That occurred because the University does not have a process to report status changes to NSLDS for students whose withdrawal records are updated after scheduled enrollment reports are submitted for a term. At the end of the Fall 2012 and Spring 2013 terms, the University’s Office of Financial Aid reviewed and verified the entire population of withdrawn students to validate that correct effective withdrawal dates were used to calculate the amount of Title IV assistance to be returned. The University asserted that, of the population of all withdrawn students, it made changes for four students. However, the University did not carry those changes forward and appropriately report them to NSLDS because the Office of Financial Aid made the updates after the University’s registrar had submitted the last scheduled enrollment reports for those terms. Because the changes were not communicated to the registrar, the students were not updated accordingly.

Not reporting student status changes accurately and completely could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government’s payment of interest subsidies.

Other Compliance Requirements

Although the general control weaknesses described below apply to activities allowed or unallowed, cash management, eligibility, period of availability of federal funds, reporting, special tests and provisions - separate funds, special tests and provisions - verification, special tests and provisions - disbursements to or on behalf of students, special tests and provisions - return of title IV funds, and special tests and provisions - borrower data transmission and reconciliation (Direct Loan), auditors identified no compliance issues regarding those compliance requirements.

General Controls

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

The University did not have adequate segregation of duties in its change management processes. Specifically, two programmers have access to change application code and migrate it to production environment. This increases the risk of unintended programming changes being made to critical information systems.

Additionally, the University did not consistently maintain adequate documentation of changes made to key information systems. Specifically, the University did not always maintain adequate evidence of authorization or approval of changes for its student financial aid system, Banner, or its accounting system, SAP. In addition, for Banner, the University did not always maintain documentation of its testing of changes or evidence of who moved the changes from the test environment into the production environment.

The University has change management procedures for its accounting system, SAP; however, its procedures for Banner have not been fully implemented. The University also does not maintain a formal change log for the Banner system. Without sufficient change management procedures, changes to the production system can be made without being adequately tested or documented. That increases the risk of unauthorized or improperly tested changes being implemented.

Recommendations:

The University should:

- Implement a process to help ensure that it accurately reports students who withdrew to NSLDS.
- Establish and enforce change management procedures for its key information systems, including eliminating programmers' access to migrate code changes that they make to the production environment.
- Maintain documentation of all change requests related to its systems to support that changes were authorized, tested, and approved prior to migration to the production environment.

Management Response and Corrective Action Plan:

Enrollment Reporting

There were four students whose withdrawal date was originally misreported by one day each. The error was identified during Financial Aid and Scholarships' 100% quality control review of withdrawn students receiving Title IV aid. While the proper dates were entered into the university's system, the revised dates were not transmitted to NSLDS due to the updates occurring after the Registrar's scheduled enrollment reporting. To ensure such an oversight does not reoccur, Financial Aid and Scholarships has revised its quality control procedures to notify the Registrar's Office when such updates are made, and the Registrar's Office will then manually report the revised data to NSLDS.

Implementation Date: September 2013

Responsible Persons: Dr. Christopher D. Murr and Mr. Louis E. Jimenez

General Controls

1) *The University did not have adequate segregation of duties in its change management processes.*

The two individuals noted have this access because they are members of the SAP Basis Team and due to the system's limitations. While their current roles do not have any actual programming duties, we recognize that it could be possible for either of the "programmers" to make changes to critical information systems. To mitigate this risk, SAP has many built in controls to help track and identify all changes to the system and one of those controls is the SAP system change log. The SAP system change log is now being checked periodically each business day by the Basis Team Supervisor (who does not have the same access level as members) to ensure that all changes are appropriate.

Implementation Date: September 30, 2013

Responsible Person: Bill Rampy

2) *Additionally, the University did not consistently maintain adequate documentation of changes made to key information systems.*

The audit was performed for the period July 1, 2012 to May 30, 2013. Our current Change Management process for Banner was implemented on April 8, 2013; therefore, we were in the transition from implementation to production during this time frame. The current process provides a change log, peer review and approvals based on chain of command before changes are moved into the production environment. All change log and approval documentation is now maintained on a shared drive for access by the change control committee.

Implementation Date January 31, 2014

Responsible Person: Bill Rampy

Texas Tech University

Reference No. 2013-149

Eligibility

(Prior Audit Issues 13-128, 12-134, and 11-134)

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A124151; CFDA 84.063, Federal Pell Grant Program, P063P122328; CFDA 84.268, Federal Direct Student Loans, P268K132328; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T132328; CFDA 84.033, Federal Work Study Program, P033A124151; and CFDA 84.038, Federal Perkins Loan Program – Federal Capital Contributions, Award Number Not Applicable

Type of finding – Significant Deficiency and Non-Compliance

Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student’s cost of attendance (COA) minus the expected family contribution (EFC) (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087kk). The phrase “cost of attendance” refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

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

For 6 (10 percent) of 60 students tested, Texas Tech University (University) incorrectly calculated the students’ COA. Specifically:

- For four students, the University did not consistently apply loan fees when determining the students’ COA. The University manually adds loan fees to the COA for students who are awarded PLUS loans and manually removes the loan fees if students do not accept the award. The University did not add loan fees to the COA for one student who received a PLUS loan and incorrectly included loan fees in the COA for three students who did not receive PLUS loans. In addition, for one of those four students, the University made a manual error when adjusting the student’s books and supplies allowance.
- For two students, the University made manual errors when adjusting COA. The University incorrectly adjusted the transportation allowance for one student and incorrectly adjusted the books and supplies allowance for the other student.

There were no overawards for those six students; therefore, there were no questioned costs. However, inaccurately applying student COA budgets could result in an overaward or underaward of student financial assistance.

Pell Grant Awards

In selecting students for the federal Pell Grant Program, an institution must determine whether a student is eligible to receive a federal Pell Grant for the period of time required to complete his or her first undergraduate baccalaureate course of study (Title 34, Code of Federal Regulations (CFR), Section 690.6(a)). For each payment period, an institution may award a federal Pell Grant to an eligible student only after it determines that the student is enrolled in an eligible program as an undergraduate student (Title 34, CFR, Section 690.75(a)).

An otherwise eligible student who has a baccalaureate degree and is enrolled in a post-baccalaureate program is eligible to receive a federal Pell Grant for the period of time necessary to complete the program if (1) the post-baccalaureate program consists of courses that are required by a state for the student to receive a professional certification or licensing credential that is required for employment as a teacher in an elementary or secondary school in that state; (2) the post-baccalaureate program does not lead to a graduate degree; (3) the institution offering the post-baccalaureate program does not also offer a baccalaureate degree in education; (4) the student is enrolled as at least a half-time student; and (5) the student is pursuing an initial teacher certification or licensing credential

within a state (Title 34, CFR, Section 690.6(c)). In addition, an institution must treat a student who receives a federal Pell Grant under Title 34, CFR, Section 690.6(c), as an undergraduate student enrolled in an undergraduate program for Title IV purposes. (Title 34, CFR, Section 690.6(d)).

Based on a review of the entire population of Title IV assistance recipients, the University awarded Pell Grants to two ineligible students. The University disbursed \$1,163 in Pell Grant funds to an ineligible graduate student and \$1,041 in Pell Grant funds to an ineligible post-baccalaureate student. Those awards were the result of manual errors. Both students were initially classified as baccalaureate students, and the University initially packaged their assistance correctly. However, both students transitioned to different classifications during the assistance year that made them ineligible for Pell Grant awards. The University runs a report to identify students whose classification changes due to matriculation after it initially awards assistance. However, its review of that report is a manual process and, depending on when the University runs that report, that process may not identify all students whose assistance must be adjusted. When auditors brought the errors to the University's attention, the University corrected the errors, adjusted the students' awards, and returned the funds to the U.S. Department of Education; therefore, there were no questioned costs.

Federal Direct Subsidized Loan

The Budget Control Act of 2011 eliminated subsidized loan eligibility for graduate and professional students for loan periods and periods of enrollment beginning on or after July 1, 2012 (U.S. Department of Education *2012-2013 Federal Student Aid Handbook*). Therefore, only undergraduate students are eligible to receive Subsidized Direct Loans, and graduate students are eligible only for Unsubsidized Direct Loans or Direct Parent Loan for Undergraduate Student (PLUS) Loans.

Based on a review of the entire population of Title IV aid recipients, the University awarded \$1,750 in subsidized direct loans to an ineligible graduate student. The student was initially classified as a second-degree-seeking student in the Fall semester and was admitted into graduate school for the Spring semester. The University awarded assistance to that student in the Fall semester and did not adjust that assistance based on the student's admission to graduate school. The University runs a report to identify students whose classification changes due to matriculation after it initially awards assistance. However, its review of that report is a manual process and, depending on when the University runs that report, that process may not identify all students whose assistance must be adjusted. When auditors brought the error to the University's attention, the University corrected the error, adjusted the student's award, and returned the funds to the U.S. Department of Education; therefore, there were no questioned costs.

Recommendations:

The University should:

- Consistently apply loan fees when determining COA for students who receive PLUS loans.
- Apply COA adjustments correctly and consistently to all students.
- Award Pell Grant and Federal Direct Subsidized Loan assistance only to eligible students.

Management Response and Corrective Action Plan:

The process for consistently applying loan fees when determining COA for students was reviewed and adjusted to include specific budget components for loan fees with set values. We are in the process of developing adhoc reporting for this area for continued compliance.

The process for applying COA adjustments correctly and consistently to all students was reviewed. Implementation of the following professional budget components was initiated fall 2014:

- *TFPJ Tuition/Fees-Based on actual enrollment*
- *BSPJ Books/Supplies-Based on enrollment to match budget estimates*
- *MISC Personal/MISC-Based on enrollment to match budget estimates*
- *RBPJ Room/Board-On Campus Housing requires no comment*

Created two additional ad hoc reports to monitor and identify students who are not eligible for Pell Grant and Federal Direct Subsidized Loans due to matriculation changes during the academic year. The object of the first report is to identify students with a graduate class level but budgeted as an undergraduate. The object of the second report is to identify students with an undergraduate class level who receives awards and their class code is graduate. Reports are scheduled and are delivered every two weeks throughout the aid year. Reports began running 11-19-2013.

Implementation Date: August 2013 – December 2013

Responsible Persons: Paul Blake and Shannon Followill

Reference No. 2013-150

Special Tests and Provisions – Verification

(Prior Audit Issues 13-129, 12-136, 11-136, and 09-72)

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award number – CFDA 84.063, Federal Pell Grant Program, P063P122328

Type of finding – Significant Deficiency and Non-Compliance

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income (AGI), U.S. income taxes paid, child support paid, food stamps, education credits, IRA deductions, and other untaxed income (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56 and *Federal Register*, Volume 76, Number 134). When the verification of an applicant’s eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the student’s FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant’s financial aid package on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR). For the Federal Pell Grant Program, if an applicant’s FAFSA information changes as a result of verification, an institution must recalculate the applicant’s Federal Pell Grant on the basis of the EFC on the corrected ISIR and disburse any additional funds under that award (Title 34, CFR, Section 668.59).

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

For 10 (17 percent) of 60 applications tested, Texas Tech University (University) did not accurately verify all required items on the FAFSA, which resulted in the University overawarding and underawarding Pell grants associated with award P063P122328. Specifically:

- For one student, the University obtained a parent income tax return for the incorrect year. Based on information the University provided, that error resulted in an underaward of \$1,800 in Pell grant assistance.
- For four students, the University did not accurately verify the household size. Based on information the University provided, those errors resulted in an underaward of \$400 in Pell grant assistance for one student and overawards of \$500 and \$300 in Pell grant assistance for two students. The fourth student received only a direct unsubsidized loan; therefore, there was no underaward or overaward for that student.
- For one student, the University did not accurately verify education credits. Based on information the University provided, the error resulted in an underaward of \$100 in Pell grant assistance.
- For two students, the University did not accurately verify the amount of U.S. income taxes paid by the parent or student. Based on information the University provided, those errors resulted in a \$100 overaward in Pell grant assistance for one student and an underaward of \$600 in Pell grant assistance for one student.
- For one student, the University did not accurately verify the AGI or amount of U.S. income taxes the student paid. Based on information the University provided, that error resulted in an underaward of \$250 in Pell Grant assistance.

- For one student, the University did not accurately verify the amount of U.S. income taxes the student paid or the education credits. Based on information the University provided, the errors resulted in an underaward of \$700 in Pell Grant assistance.

The errors discussed above occurred because of manual errors the University made in verification. When auditors brought the errors to the University’s attention, the University requested updated ISIRs and adjusted the students’ awards; therefore, there were no questioned costs.

Recommendation:

The University should accurately verify all required FAFSA information for applicants selected for verification and request updated ISIRs when required.

Management Response and Corrective Action Plan:

We will implement additional samples for internal monthly review by student financial aid management and verification specialists of completed verification to ensure all required FAFSA information for applicants selected for verification is done accurately.

We expect to begin outsourcing verification in spring 2014. This practice will allow for current student financial aid staff verification specialists to focus on quality control and report resolution for verified students.

Implementation Date: Implementation of outsourced verification is expected to begin approximately February 2014. In the meantime, we have already implemented a review of additional samples.

Responsible Person: Shannon Followill

Reference No. 2013-151

Special Tests and Provisions – Return of Title IV Funds

(Prior Audit Issues 13-131, 12-137, 11-138, and 09-74)

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.063, Federal Pell Grant, P063P122328 and CFDA 84.268, Federal Direct Student Loans, P268K132328

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 (CFR), Section 668.22(a)(1)). If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution’s determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is more than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (Title 34, CFR, Section 668.22(a)).

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

The amount of earned Title IV grant or loan assistance is calculated by determining the percentage of Title IV grant or loan assistance that has been earned by the student and applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student for the payment period or period of enrollment as of the student’s withdrawal date. A student earns 100 percent if his or her withdrawal date is after the

completion of more than 60 percent of (1) the calendar days in the payment period or period of enrollment for a program measured in credit hours or (2) the clock hours scheduled to be completed for the payment period or period of enrollment for a program measured in clock hours (Title 34, CFR, Section 668.22(e)(2)). Otherwise, the percentage earned by the student is equal to the percentage (60 percent or less) of the payment period or period of enrollment that was completed as of the student's withdrawal date (Title 34, CFR, 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, CFR, Section 668.22(j)(2)).

The institution must return those funds for which it is responsible as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance (Title 34, CFR, Section 668.21(b)).

For 2 (67 percent) of 3 students tested who never began attendance [or 2 (3 percent) of 60 total students tested], Texas Tech University (University) did not correctly perform return calculations when required. Based on its policy, the University completes a return of Title IV calculation for each withdrawn student, regardless of the effective date of withdrawal, to determine whether a return is required. For the two students identified, the University determined that the students never attended during a term, and therefore should have returned 100 percent of Title IV funds; however, it did not complete a return of Title IV calculation for either student and did not return any Title IV funds for those students. After auditors brought those errors to its attention, the University corrected the errors and returned the Title IV funds. By not initially calculating a return for those students, the University returned the funds after the required time frame. The funds were returned 53 days and 228 days, respectively, after determining that the students never attended.

The University's manual process for performing return calculations increases the risk of errors and the risk that the University will not return the correct amount of unearned funds to the U.S. Department of Education.

Recommendations:

The University should:

- Complete a return of Title IV calculation worksheet for all applicable students to help ensure that it returns funds as required.
- Return Title IV funds within required time frames.

Management Response and Corrective Action Plan:

We have educated the Return of Title IV advisor on the importance of completing a return of Title IV calculation worksheet for all applicable students to help ensure funds are returned as required.

We have implemented an additional step in our monthly internal review by financial aid management for unofficial withdrawals and the corresponding documentation retained to ensure compliance. This internal review will begin in January 2014 and continue at the end of each term in conjunction with administration of unofficial withdrawal processing.

We have implemented an additional process beginning with summer 2013 requiring faculty to enter the last date of academic activity for any student whose final course grade is "F".

Implementation Dates: August 2013 and January 2014

Responsible Persons: Paul Blake and Shannon Followill

Reference No. 2013-152

Special Tests and Provisions – Enrollment Reporting

(Prior Audit Issues 13-132, 12-138, 11-139, and 09-75)

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A124151; CFDA 84.063, Federal Pell Grant Program, P063P122328; CFDA 84.268, Federal Direct Student Loans, P268K132328; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T132328; and CFDA 84.038, Federal Perkins Loan Program – Federal Capital Contributions, 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 discovers that a Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis, (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended, or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations, Section 685.309(b) and 682.610(c)).

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

Texas Tech University (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to the National Student Loan Data System (NSLDS). Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to the respective lenders and guarantors. Additionally, NSC completes the roster file on the University’s behalf and communicates status changes to NSLDS as applicable. Although the University uses the services of NSC, it is still ultimately the University’s responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, Chapter 1).

Graduated Students

The *NSLDS Enrollment Reporting Guide* states that the effective date to be reported for graduated students is the date the students completed the course requirements (*NSLDS Enrollment Reporting Guide*, Appendix B).

For 17 (28 percent) of 60 student status changes tested, the University did not report the correct effective date for students who graduated in Fall 2012. Those errors occurred because of a manual error the University made when entering the last day of the Fall 2012 term in its financial aid system. The University input December 11, 2012, as the last day, rather than the actual last day of the Fall 2012 term, which was December 12, 2012. Because the University used the last day of the Fall 2012 term from its financial aid system to report graduation dates to NSLDS, the University did not report accurate dates for when the students completed the course requirements. The University potentially reported graduation dates for all Fall 2012 undergraduates and graduates incorrectly.

Enrollment Status Changes

The *NSLDS Enrollment Reporting Guide* states that, in the absence of a student’s formal withdrawal, the student’s last recorded date of attendance should be reported as the status change date (*NSLDS Enrollment Reporting Guide*, Appendix B).

According to the University’s unofficial withdrawal process, at the end of each term, the University runs a report to identify students who have all non-passing grades for the term and requests evidence of their last date of academic activity. For students who do not provide evidence of their last date of academic activity, the University directly reports the students as withdrawn as of the last day of the prior term to NSLDS. For students who do provide documentation of their last date of academic activity, the University uses the information to perform a return of Title IV financial assistance calculation; however, it does not report those students as withdrawn to NSLDS.

For 6 (10 percent) of 60 student status changes tested, the University incorrectly reported the student’s enrollment status change to NSLDS. All six students received all non-passing grades for a term. Specifically:

- For three students who provided evidence of their last date of academic activity, the University did not report the students as withdrawn. While the University performed return of Title IV assistance calculations for students who provided evidence of their last date of academic activity, the University did not report that group of students as withdrawn to NSLDS during the Fall 2012 and Spring 2013 terms. The University did not begin reporting students as withdrawn based on their last date of academic activity until the first session of the Summer 2013 term. The University was unable to quantify the number of students who unofficially withdrew in Fall 2012 or Spring 2013 who it did not report as withdrawn.
- For two students who provided evidence of their last date of academic activity, the University incorrectly reported the students' withdrawal dates. For one student whose last date of academic activity was October 29, 2012, the University incorrectly reported the student as withdrawn as of December 11, 2012, due to a manual error. The second student had a last date of academic activity of October 28, 2012 and was then suspended on December 20, 2012. The University incorrectly reported that student's suspension date rather than that student's last recorded date of attendance.
- One student received all non-passing grades in the Spring 2013 term and did not provide evidence of the last date of academic activity. The University used the last day of the Fall 2012 term from its financial aid system to determine the student's withdrawal date. Due to a manual error the University made when entering the last day of the Fall 2012 term in its financial aid system, the University incorrectly reported that student's withdrawal date as December 11, 2012, rather than the actual last day of the Fall 2012 term, which was December 12, 2012. According to information the University provided, the University incorrectly reported December 11, 2012, as the withdrawal date for 111 students who received all non-passing grades in the Spring 2013 term and did not provide evidence of their last date of academic activity.

Additionally, for 2 (3 percent) of 60 students tested, the University incorrectly reported the students as withdrawn. One student attended the first session of the Summer 2013 term and was then dropped from the second session of the Summer 2013 term on July 9, 2013, because of non-payment. The University incorrectly reported that student as withdrawn as of May 18, 2013. The second student graduated in Fall 2012; however, the University reported that student as withdrawn as of December 11, 2012. The University was unable to determine the cause of those errors.

Not reporting student status changes and effective dates accurately to NSLDS could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.

Recommendations:

The University should:

- Enter the term dates it uses to report student graduation dates and determine the last date of attendance for students who unofficially withdraw correctly into its financial aid system.
- Report all students who officially or unofficially withdraw to NSLDS consistently and accurately.

Management Response and Corrective Action Plan:

We have implemented an additional check to ensure term dates are entered correctly into the system from the academic calendar.

We have implemented a new policy and procedure to report students who are unofficially withdrawn by Texas Tech to NSLDS for financial aid purposes consistently and accurately. For unofficial withdrawals, we have educated the Return of Title IV advisor on the process and procedure.

For students who officially withdraw, we will continue monitoring and compliance policies and procedures already set in place as well as adding an additional staff member in the review of dates process.

Implementation Dates: June 2013 and November 2013

Responsible Persons: Bobbie Brown and Shannon Followill

Texas Tech University Health Sciences Center

Reference No. 2013-153

Eligibility

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A125175; CFDA 84.038, Federal Perkins Loan Program – Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P123367; CFDA 84.268, Federal Direct Student Loans, P268K133367; CFDA 93.264, Nurse Faculty Loan Program (NFLP), E0AHP18874; and CFDA 93.925, Scholarships for Health Professions Students from Disadvantaged Backgrounds, T08HP22265

Type of finding – Significant Deficiency and Non-Compliance

Cost of Attendance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as a student’s cost of attendance (COA) minus the expected family contribution (EFC) (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087kk). The phrase “cost of attendance” refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087II).

Questioned Cost:	\$596
U.S. Department of Education	

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student’s Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student’s financial need (Title 34, Code of Federal Regulations (CFR), Sections 668.2 and 673.5).

An aid administrator may use professional judgment on a case-by-case basis only to adjust a student’s COA or the data used to calculate the student’s EFC. That adjustment is valid only at the institution that makes the adjustment. The reason for the adjustment must be documented in the student’s file, and it must relate to the special circumstances that differentiate the student—not to conditions that exist for a whole class of students (U.S. Department of Education 2012-2013 *Federal Student Aid Handbook*).

For 9 (15 percent) of 60 students tested, the Texas Tech University Health Sciences Center (Health Sciences Center) inconsistently or incorrectly calculated COA. Specifically:

- For 1 of the 9 students, the Health Sciences Center did not update the student's COA when the student’s residency changed during the aid year. The student was a non-resident in Fall 2012 and gained residency before Spring 2013. The Health Sciences Center assigned the student the non-resident status COA budget for the entire aid year (the COA budget for students with non-resident status is higher than the COA budget for students with resident status).
- For 3 of the 9 students, the Health Sciences Center did not update the students’ individual COA budgets after it updated the COA budgets in its financial aid system. The three students were initially assigned nursing-traditional COA budgets. The Health Sciences Center subsequently updated the COA budget for the nursing-traditional program on May 10, 2012, prior to the students’ first term during the aid year, but that change was not applied to all students who had received the original budget. Of the population of 80 nursing-traditional students, 75 did not receive the COA budget update made on May 10, 2012.
- For 5 of the 9 students, the Health Sciences Center changed the students’ individual COA budgets to resolve unmet need that became negative. The Health Sciences Center was notified that the students received additional scholarships after federal assistance had been awarded, which caused the students unmet need to become negative. Rather than adjust the students’ other awards, the Health Sciences Center increased one or more of the components within the students’ individual COAs based on professional judgment. However, the reason for applying the professional judgment was not documented. For two of those students, total assistance disbursed

exceeded the student's COA. One student was overawarded \$376 in Direct Loan funds associated with award P268K133367. One student was overawarded \$220 in Direct Loan and Pell assistance associated with awards P063P123367 and P268K133367.

The errors discussed above occurred because (1) the Health Sciences Center does not have documented policies and procedures to determine a student's COA and (2) the Health Sciences Center's COA process depends heavily on manual processes and adjustments. The Health Sciences Center assigns students COA budgets based on their expected enrollment hours. However, there is no specific guidance outlining the expected enrollment hours per program.

Incorrectly or inconsistently calculating COA increases the risk that students may be overawarded or underawarded assistance, or they may not be awarded assistance consistently when compared to other students with a similar enrollment status.

Satisfactory Academic Progress

Institutions must establish a reasonable satisfactory academic progress (SAP) policy for determining whether an otherwise eligible student is making satisfactory academic progress in his or her educational program and may receive Title IV assistance (Title 34, CFR, Section 668.34(a)). The SAP policy must include certain minimum requirements for evaluating a student's SAP. A student is eligible to receive Title IV, Higher Education Act (HEA) program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that meet the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)). A student is making satisfactory progress when the student is enrolled in a program of study of more than two academic years and, therefore, is eligible to receive Title IV, HEA program assistance after the second year, if, at the end of the second year, the student has a grade point average of at least a "C" or its equivalent, or has academic standing consistent with the institution's requirements for graduation (Title 34, CFR, Section 668.34(a)).

The Health Sciences Center's SAP policy includes all minimum federal requirements for an institution's SAP policy. According to the Health Sciences Center's SAP policy, the Office of Student Financial Aid evaluates a student's SAP before each payment period. Prior to each payment period, the Health Sciences Center runs a report from Banner and then manually reviews the report to determine whether students have met certain SAP requirements.

However, for the 2012-2013 award year, the Health Sciences Center did not have a process to determine whether students met the SAP policy requirement that students may not attempt more than 150 percent of the published hours required to complete their degree program. Not correctly identifying a student's SAP status increases the risk that the University could award Title IV assistance to students who are not eligible for that assistance. No SAP compliance errors were identified in audit testing.

Recommendations:

The Health Sciences Center should:

- Develop written procedures for determining COA.
- Minimize manual intervention in the COA process to help ensure that it assigns students correct and consistent COA budgets.
- Document its reasons for using professional judgment when making adjustments to a student's COA.
- Develop and implement processes to determine whether students meet all SAP policy requirements prior to the disbursement of assistance.

Management Response and Corrective Action Plan:

The Registrar's Office has provided additional training to staff members regarding the impact of making changes to student's records in Banner and the importance of proper notification when changes are made, e.g. residency. In addition, the Registrar's Office is developing an automated notification system via Microsoft SharePoint to automate the notification process when changes are made to student records.

Implementation Date: July 1, 2014

Responsible Persons: Tamara Lane and Marcus Wilson

Additional training has been provided to all staff members regarding the importance of the COA, the consistent application of the COA and the necessity for proper documentation when updating the established COA or adjusting an individual student's COA.

Access to the Banner tables and forms that control budgeting is being restricted to management level positions. This includes RBRCOMP and RBAABUD.

Beginning with the 2014-15 award year (January 1, 2014); the HSC will utilize Banner's Algorithmic Budgeting process. This will provide a significant level of automation for assigning budget components as well as providing for the consistent application of changes and adjustments related to enrollment levels which in prior years, have been manual operations. During this implementation, policies and procedures are being established regarding the creation of standard COA budgets and limitations on when changes are made to these standards.

Implementation Dates: September 1, 2013 - September 1, 2014

Responsible Persons: Marcus Wilson, Sherri Henry and Fabian Vasquez

The application of Professional Judgment requires its use to be documented appropriately. Additional training has been provided to all staff members which includes the importance of proper documentation regarding any changes to a student's record as well as the requirements and limitations of professional judgment. All five student's records have been corrected with the appropriate notations and all over payments have been resolved.

Implementation Date: July 1, 2013

Responsible Persons: Marcus Wilson and Mia Myers

Reports have been created in Cognos that provide the data necessary to monitor the 150% requirement for SAP.

Currently, the HSC is implementing the Banner system component DegreeWorks. This system will allow a high level of automation regarding the calculation and tracking of many degree and enrollment related data points, including those related to all components of the financial aid SAP requirements.

Implementation Date: July 1, 2014

Responsible Persons: Marcus Wilson and Tamara Lane

Reference No. 2013-154

Special Tests and Provisions – Verification

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P123367 and CFDA 84.268, Federal Direct Student Loans, P268K133367

Type of finding – Non-Compliance

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income (AGI), U.S. income taxes paid, child support paid, food stamps, education credits, individual retirement account deductions, and other untaxed income (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56 and *Federal Register*, Volume 76, Number 134). When the verification of an applicant’s eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the student’s FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant’s financial aid package on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR). For the Federal Pell Grant Program, if an applicant’s FAFSA information changes as a result of verification, an institution must recalculate the applicant’s Federal Pell Grant on the basis of the EFC on the corrected ISIR and disburse any additional funds under that award (Title 34, CFR, Section 668.59).

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

For 2 (5 percent) of 40 students tested, the Texas Tech University Health Sciences Center (Health Sciences Center) did not accurately verify all required items on the FAFSA; therefore, it did not subsequently update its records and request updated ISIRs as required. Specifically:

- For one student, the Health Sciences Center incorrectly identified the number of household members enrolled at least half-time in college. Based on the information the Health Sciences Center provided, that resulted in a \$2,000 overaward of a Pell Grant. After auditors brought this matter to the Health Sciences Center’s attention, the Health Sciences Center provided evidence that it corrected the overaward; therefore, there were no questioned costs associated with that error.
- For one student, the Health Sciences Center incorrectly identified that the student did not receive Supplemental Nutrition Assistance Program (SNAP) benefits when the supporting documentation indicated that the student had received SNAP benefits. After auditors brought this matter to the Health Sciences Center’s attention, the Health Sciences Center requested an updated ISIR for the student. Based on the information the Health Sciences Center provided, the error did not result in a change to the student’s EFC or awards.

Not properly verifying FAFSA information could result in the Health Sciences Center overawarding or underawarding federal student financial assistance.

Recommendation:

The Health Sciences Center should accurately verify all required FAFSA information for applicants selected for verification and request updated ISIRs when required.

Management Response and Corrective Action Plan:

To increase quality control a secondary review performed by another staff member has been implemented for files selected for verification effective July 1, 2013.

The HSC will begin outsourcing the verification process for the 2014-15 award year. This change allows the current staff to perform quality control and provide additional efficiencies including increased accuracy and decreased turnaround time as well as enhanced customer services.

Implementation Date: *Projected go-live February 10, 2014*

Responsible Person: *Marcus Wilson*

Department of Transportation

Reference No. 2013-155

Activities Allowed or Unallowed

Allowable Costs/Cost Principles

Real Property Acquisition and Relocation Assistance

(Prior Audit Issue 13-133)

Highway Planning and Construction Cluster

Highway Planning and Construction Cluster – ARRA

Award years – Multiple

Award numbers – Multiple

Type of finding – Significant Deficiency

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

Questioned Cost: \$0

U.S. Department of
Transportation – Federal
Highway Administration

SiteManager Application

The Department of Transportation (Department) uses *Daily Work Reports* to document the day-to-day operations of construction on site. The Department's SiteManager application is the system of record for those reports, which the Department uses to calculate and generate monthly pay estimates to contractors. According to the Department's *Estimate Manual*, someone other than the inspector should review *Daily Work Reports* for accuracy and authorize those reports.

During fiscal year 2013, the Department did not have an edit check in SiteManager that required someone other than the inspector to review and authorize *Daily Work Reports*. The Department asserted that it added that edit check to SiteManager in May 2013. However, SiteManager did not record the authorizer's user ID until the Department implemented an additional change to SiteManager in September 2013. Therefore, for fiscal year 2013, auditors were unable to verify whether someone other than the inspector reviewed and authorized *Daily Work Reports*. A lack of segregation in duties for the *Daily Work Report* approval process could result in inaccurate monthly estimates and inaccurate payments to contractors.

Right of Way Information System

The Department uses its Right of Way Information System (ROWIS) as the system of record for right of way transactions across the state. **However, the Department did not appropriately restrict access to ROWIS.** Specifically, one programmer had access to both authorize transactions within ROWIS and submit approved transactions to the accounting system for payment. In general, programmers should not have access to approve transactions or submit them for payment. Allowing programmers inappropriate access increases the risk of unauthorized or fraudulent transactions. However, in fiscal year 2013, the programmer did not approve any transactions within ROWIS or submit any transactions to the accounting system for payment.

The issues discussed above affected all awards for the Highway Planning and Construction Cluster on the State's Schedule of Expenditures of Federal Awards.

Recommendation:

The Department should:

- Update SiteManager to require segregation of duties within the process for inspecting and authorizing Daily Work Reports.
- Modify programmer access to ROWIS so that programmers cannot both approve transactions and submit transactions to the accounting system for payment.

Management Response and Corrective Action Plan:

CST Response

The May 10, 2013 SiteManager release included an application control to disallow the DWR creator from authorizing his/her own DWR. The authorizer user ID is captured as of the September 13, 2013 SiteManager release. The application has been tested, and controls are working as designed.

Implementation Date: Action Implemented – May/September 2013

Responsible Person: John F. Obr

ROWIS Response

In response to the Department’s inappropriate access level in ROWIS, we concur with the audit recommendation of modifying programmer access to ROWIS in order that the same individual cannot both approve and submit transactions to the accounting system for payment. We have made the adjustment in ROWIS. Effective immediately, an individual cannot approve transactions that he/she submitted to the accounting system for payment.

Implementation Date: Action Implemented – January 2014

Responsible Person: James Huang

Reference No. 2013-156

Davis-Bacon Act

(Prior Audit Issues 13-134, 12-142, 11-142, and 10-82)

Highway Planning and Construction Cluster
Highway Planning and Construction Cluster – ARRA
Award years – 2009, 2010, 2011, and 2012

Award numbers – HP 2009 (919), IM 0204 (280), STP 2010(558)ES (ARRA), STP 2013(089), HP 2009(753), STP 2012(064), and STP 2009(485)ES (ARRA)

Type of finding – Significant Deficiency and Non-Compliance

When required by the Davis-Bacon Act, the U.S. Department of Labor’s governmentwide implementation of the Davis-Bacon Act, the American Recovery and Reinvestment Act, or federal program legislation, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the U.S. Department of Labor (Title 40, United States Code, Sections 3141-3142).

Questioned Cost:	\$0
U.S. Department of Transportation – Federal Highway Administration	

Non-federal entities shall include in their construction contracts subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and U.S. Department of Labor regulations (Title 29, Code of Regulations (CFR), Part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction). That includes a requirement for the contractor or subcontractor to submit to the non-federal entity on a weekly basis, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (Title 29, CFR, Sections 5.5 and 5.6). That reporting can be done using Optional Form WH-347, which includes the required statement of compliance (U.S. Office of Management and Budget No. 1215-0149).

For 7 (12 percent) of 60 projects tested, the Department of Transportation (Department) did not ensure that contractors submitted all certified payrolls for fiscal year 2013. Specifically, for those 7 projects the Department

TRANSPORTATION, DEPARTMENT OF

could not provide 42 certified payrolls for the period tested. The total federal amount expended on those 7 projects, including payroll and non-payroll costs, was \$198,234,854.

The Department did not have a standardized process for tracking certified payrolls that contractors submitted. Each area office within each Department district office determined its own method for ensuring that contractors submitted certified payrolls. Not having a standardized process increases the risk that the Department may not identify the contractors that have not submitted weekly certified payrolls. When the Department does not collect certified payrolls from its contractors, it cannot ensure that contractor and subcontractor employees are properly classified and being paid prevailing wage rates in accordance with the Davis-Bacon Act.

Recommendation:

The Department should enhance its monitoring to ensure that its contractors submit all required certified payrolls.

Management Response and Corrective Action Plan:

Management concurs with the recommendation that the Department should enhance its monitoring to ensure that its contractors submit all required certified payrolls. Requiring all prime contractors and sub-contractors to utilize our EPRS program for submitting payrolls would resolve the issue, but our external partners indicated that there is a significant impact to the contracting community. The largest concern is the investment for technology/programming to produce the type of file needed to import into EPRS. There is no off-the-shelf product that interfaces with EPRS, nor is there IT support for the interface. This issue is compounded by the fact that prime contractors and sub-contractors do not solely contract with the Department.

The Department's Bryan District began a pilot program in the fall of 2013 requiring 100% payroll submission in EPRS on all projects scheduled to begin January 2014, and CST is monitoring the results. CST will continue to offer direction to the district offices and guidance/support to ensure that all certified payrolls are received on TxDOT projects.

Implementation Date: Ongoing

Responsible Person: John F. Obr

Reference No. 2013-157

Period of Availability of Federal Funds

(Prior Audit Issues 13-135, 12-143, 11-143, and 10-81)

**Highway Planning and Construction Cluster
Highway Planning and Construction Cluster – ARRA**

Award years – Multiple

Award numbers – Multiple

Type of finding – Significant Deficiency

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

Questioned Cost:	\$0
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U.S. Department of Transportation – Federal Highway Administration
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The Department of Transportation (Department) uses the Federal Project Authorization and Agreement (FPAA) system to process and track project approvals from the Federal Highway Administration. The FPAA system details when federal funds are authorized, which is the starting point for the period of availability of federal funds. The Department must obtain approval from the Federal Highway

TRANSPORTATION, DEPARTMENT OF

Administration prior to starting construction work on a project and expending federal funds (Title 23, Code of Federal Regulations, Section 630.106).

The Department did not appropriately restrict access to the FPAA system. Specifically, two programmers had access to make code changes and then migrate those code changes into the production environment for the FPAA system. In general, programmers should not have access to migrate code changes that they make to the production environment. Allowing programmers inappropriate access increases the risk of unauthorized changes and does not allow for adequate segregation of duties.

In fiscal year 2013, the Department did not make any changes to the FPAA system.

The issue discussed above affected all awards for the Highway Planning and Construction Cluster on the State's Schedule of Expenditures of Federal Awards.

Recommendation:

The Department should establish and enforce change management procedures for its systems, including eliminating programmers' access to migrate code changes that they make to the production environment.

Management Response and Corrective Action Plan:

TxDOT IT Security will review requests for access to the FPAA production environment which are submitted via a TxDOTNow ticket routed through the IT security help desk. These requests will be cross referenced so that no individual programmers will have write access to the production environment. Neither of the two individuals identified in the audit have write access to the production environment as of January 29, 2014.

Implementation Date: Action Implemented – January 2014

Responsible Person: Margaret Dixon

Reference No. 2013-158

**Procurement and Suspension and Debarment
Subrecipient Monitoring**

Special Tests and Provisions – R3 – Subrecipient Monitoring

(Prior Audit Issues 13-136, 12-144, 11-144, 10-84, and 09-80)

**Highway Planning and Construction Cluster
Highway Planning and Construction Cluster – ARRA**

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

The Department of Transportation (Department) is required by U.S. Office of Management and Budget (OMB) Circular A-133, Section .400, to monitor the provisions of contracts or grant agreements. Additionally, the Department is responsible for the construction of all federal aid projects, and it is not relieved of such responsibility by authorizing performance of the work by a local public agency or other federal agency. State transportation departments are responsible for ensuring that such projects receive adequate supervision and inspection to ensure that projects are completed in conformance with approved plans and specifications (Title 23, Code of Federal Regulations (CFR), Section 635.105(a)).

Questioned Cost:	\$0
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U.S. Department of Transportation – Federal Highway Administration	
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Pre-award Monitoring

At the time of the award, pass-through entities must identify to subrecipients the applicable compliance requirements and the federal award information, including the Catalog of Federal Domestic Assistance (CFDA) title and number, the federal award name and number, the name of the federal awarding agency, and whether the award is for research and development (OMB Circular A-133, Section .400(d)).

Additionally, federal rules require that, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity and its principals are not suspended or debarred or otherwise excluded from federal contracts. That verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity. Covered transactions include all nonprocurement transactions irrespective of award amount (Title 2, CFR, Section 1200).

For American Recovery and Reinvestment Act (Recovery Act) subawards, the Department must identify to subrecipients the requirement to register in the Central Contractor Registration (CCR) system, including obtaining a Data Universal Numbering System (DUNS) number, and maintain the currency of that information (Section 1512(h) of Recovery Act and Title 2, CFR, Section 176.50(c)). The Department also must separately identify to each subrecipient and document at the time of disbursement of funds, the federal award number, the CFDA number, and the amount of Recovery Act funds (Title 2, CFR, Section 176.210).

Beginning October 1, 2010, an agency may not make a non-Recovery Act award to an entity until it has obtained a DUNS number for that entity (Title 2, CFR, Sections 25.105 and 25.205).

The Department did not consistently include all required elements in its subaward agreements and did not consistently obtain subrecipient DUNS numbers or assess subrecipient compliance with CCR system requirements. Specifically:

- For 9 (15 percent) of 58 subaward agreements tested, the agreements did not contain all required elements, including the CFDA title and number, award name and number, name of awarding federal agency, or whether the award was for research and development. The Department has subaward agreement templates that identify federal award information and applicable compliance requirements; however, it did not consistently use the current templates when it made new subawards.
- For 4 (7 percent) of 58 subaward agreements tested, the Department could not provide documentation that it verified that the subrecipients were not suspended or debarred from participation in federal contracts. Additionally, for all 58 subaward agreements tested, the Department did not ensure that the subrecipients' principals were not suspended or debarred from participation in federal contracts and did not pass that requirement on to its subrecipients as required. The suspension and debarment clause in the Department's subaward agreement templates did not cover principals of subrecipients as required.
- For all 6 Recovery Act subaward agreements tested, the Department did not assess subrecipient compliance with CCR system requirements. The Department did not have a process to verify subrecipient registration with the CCR system prior to making a subaward with Recovery Act funds.
- For 3 (50 percent) of 6 Recovery Act projects tested, the Department did not separately identify to each subrecipient, and document at the time of disbursement of funds, the federal award number, the CFDA number, and the amount of Recovery Act funds. Those errors occurred because the Department's automated process to notify subrecipients does not make those notifications after the project completion date recorded in the Department's system.
- The Department did not obtain a DUNS number from its subrecipients prior to issuing the subaward for 24 (83 percent) of 29 subaward agreements tested for which that requirement applied. The Department has not established a process to obtain a DUNS number from each subrecipient prior to making a non-Recovery Act subaward.

Inadequate identification of federal awards to subrecipients could lead to inaccurate reporting of federal funding on a subrecipient's schedule of expenditures of federal awards. Not verifying that subrecipients or their principals are not suspended or debarred from federal contracts increases the risk that the Department could enter into awards with

TRANSPORTATION, DEPARTMENT OF

ineligible parties. Not obtaining DUNS numbers or not verifying that subrecipients are registered with the CCR system prior to making a subaward could lead to inaccurate federal reporting.

During-the-award Monitoring

Federal aid contracts shall be awarded only on the basis of the lowest responsive bid submitted by a bidder meeting the criteria of responsibility as may have been established by the state transportation department in accordance with Title 23, CFR, Section 635.110. Award shall be within the time established by the state transportation department and subject to the prior concurrence of the U.S. Department of Transportation’s division administrator (Title 23, CFR, Section 635.114).

The Department did not consistently conduct sufficient during-the-award monitoring of its subrecipients. **Specifically, for 1 (2 percent) of 44 projects tested that were subject to procurement requirements, the Department was unable to provide evidence that it approved the subrecipient’s procurement policies and contractor selection.** The project was a pass-through, toll-financed project for which the agreement did not require the Department to provide formal letters of concurrence on the subrecipient’s contractor selection. By not providing a formal letter of concurrence, the Department is unable to ensure that the federal-aid contract was awarded to the lowest responsive, responsible bidder.

Audits and Sanctions

The Department must ensure that each subrecipient expending \$500,000 or more in federal awards during the subrecipient’s fiscal year obtain an OMB Circular A-133 Single Audit and provide a copy of the audit report to the Department within nine months of the end of the subrecipient’s fiscal year end (OMB Circular A-133, Sections 320 and 400). In addition, the Department must issue a management decision on audit findings within six months after receipt of the subrecipient’s audit report and follow up to ensure that the subrecipient takes timely and appropriate corrective action on all audit findings (OMB Circular A-133, Section 400). In cases of continued inability or unwillingness of a subrecipient to obtain the required audits, the Department shall take appropriate action using sanctions (OMB Circular A-133, Section 225).

The Department did not consistently obtain the required subrecipient Single Audit reports or follow up on identified audit findings to issue a management decision. Specifically:

- For 4 (7 percent) of 58 subawards tested for which the subrecipient was required to obtain a Single Audit, the Department did not provide a Single Audit report or a certification from the subrecipient that an audit was not required. Three of those subawards were with the same subrecipient.
- For 3 (75 percent) of 4 subawards tested with Single Audit findings, the Department did not issue a management decision and ensure that the subrecipient took appropriate and timely corrective action on audit findings. All three of those subawards were with the same subrecipient.

When the Department does not ensure that required audits are performed and does not follow up on deficiencies noted in Single Audit reports, the Department increases the risk that deficiencies could go unaddressed.

The issues discussed above affected the following awards:

<u>Award Number</u>	<u>Award Year</u>	<u>Award Number</u>	<u>Award Year</u>	<u>Award Number</u>	<u>Award Year</u>
50-13XF0004	2012	PTF 1102(055)	2011	STP 2010(368)MM	2010
50-13XF0009	2012	PTF 2008(311)	2008	STP 2010(840)MM	2010
CBI 2009(328)	2008	PTF 2008(413)	2008	STP 2011(223)TE	2012
CM 2007(555)	2007	PTF 2008(460)	2008	STP 2011(233)TE	2011
CM 2009(240)	2008	PTF 2008(533)	2013	STP 2011(381)MM	2010
CM 2009(242)	2008	PTF 2012(125)	2012	STP 2011(390)MM	2010

TRANSPORTATION, DEPARTMENT OF

<u>Award Number</u>	<u>Award Year</u>	<u>Award Number</u>	<u>Award Year</u>	<u>Award Number</u>	<u>Award Year</u>
CM 2009(243)	2009	STP 1102(192)SRS	2012	STP 2011(446)MM	2010
CM 2009(336)	2008	STP 1102(200)MM	2011	STP 2011(612)SRS	2012
CM 2011(288)	2010	STP 1102(261)MM	2011	STP 2011(694)SRS	2012
CM 2012(132)	2011	STP 2002(124)TE	2008	STP 2011(925)SRS	2012
DMO 2004(424)ES (ARRA)	2012	STP 2002(125)TE	2010	STP 2011(929)SRS	2011
DMO 2007(208)	2012	STP 2002(128)ESTE (ARRA)	2010	STP 2012(244)SRS	2011
HP 1102(121)	2012	STP 2002(184)ESTE (ARRA)	2009	STP 2012(249)SRS	2011
HP 2006(867)	2006	STP 2003(559)ES (ARRA)	2009	STP 2012(286)SRS	2011
HP 2007(914)	2007	STP 2005(145)MM	2009	STP 2012(436)	2012
HP 2010(626)	2010	STP 2007(895)MM	2010	STP 97(253)ESTE (ARRA)	2010
HP 2011(783)	2011	STP 2008(560)MM	2010	STP2008(470)MM	2008
NH 2012(599)	2012	STP 2008(880)SRS	2008		
PL 0011(48)	2012	STP 2008(893)MM	2008		
PLD 1102(120)	2011	STP 2009(501)ES	2010		

Recommendations:

The Department should:

- Communicate all required award information to subrecipients.
- Verify that its subrecipients and their principals are not suspended or debarred from participation in federal contracts.
- Develop and implement procedures to obtain DUNS numbers from each subrecipient prior to making a subaward.
- Develop and implement procedures to verify that a Recovery Act subrecipient is registered with the CCR system prior to making a subaward.
- Communicate required Recovery Act award information at the time of disbursement of funds.
- Consistently monitor subrecipients for compliance with procurement requirements.
- Obtain and review all required Single Audit reports from its subrecipients and forward audit findings to the appropriate Department divisions for management decisions.

Management Response and Corrective Action Plan:

We are continuing our ongoing efforts to identify and update funding agreements that were executed four or more years ago without the current required information and for which federal funding is still being utilized. In addition, we have updated all applicable contract templates to refer specifically to principals.

TRANSPORTATION, DEPARTMENT OF

Implementation Date: Ongoing

Responsible Person: Janice Mullenix

All FIN_FPAA requests for local let project, right of way (ROW), etc. that involve a local entity must be accompanied by the Data Universal Numbering System (DUNS). Under a new process implemented by CST and FIN, it is the responsibility of the FIN Letting Management Branch to get the data from the District or ROW staff submitting the request.

Implementation Date: January 2014

Responsible Persons: Alison McMillan and John Stott

The last ARRA project was let in December 2012, and no ARRA subawards have been made since ARRA ended.

Implementation Date: January 2013

Responsible Person: John F. Obr

For the handful of ARRA projects not yet complete, CST will continue to send letters communicating the required information.

Implementation Date: January 2014

Responsible Person: John F. Obr

Older versions of the Pass Through Finance project funding agreements did not require TxDOT pre-approval of the bidding process. In 2009, the funding agreements were revised to include "and bidding process" in the following sentence in paragraph 10.A of new funding agreements, "The project and bidding process must be authorized by the Department and Federal Highway Administration before it is advertised for letting." The current LGPP, Summary of Best Practices, and project development checklists include the requirement for TxDOT pre-approval of the LG bidding process prior to advertising for letting. This requirement is also presented in the LGPP training class.

Implementation Date: Ongoing

Responsible Person: David M.Y. Millikan

We agree with this finding. External Audit & Advisory Services management and staff identified these issues while ensuring that the Single Audit report files were organized and accurately tracked in a new database.

Audit staff will work with Finance and other Department staff to obtain data identifying all subrecipients of Department funds and, therefore, know which entities should be submitting Single Audit reports or notifications that Single Audits were not required. In addition, tracking of reports with findings is being explicitly tracked in the new database to facilitate the identification of such reports and the status of receiving updates on the status of implementation. These steps should ensure that the issues identified do not occur in the future.

Implementation Date: August 2014

Responsible Person: Tony Rose

TRANSPORTATION, DEPARTMENT OF

Reference No. 2013-159

Reporting

(Prior Audit Issues 13-137 and 12-145)

Highway Planning and Construction Cluster

Award years – 2010 and 2011

Award numbers – STP 2011(226)TE, DMO 2012(224), STP 2011(229)TE, PTF 2010(544), STP 2012(249)SRS, and STP 2011(674)SRS

Type of finding – Significant Deficiency and Non-Compliance

The Federal Funding Accountability and Transparency Act (Transparency Act) requires prime recipients of federal awards made on or after October 1, 2010, to capture and report subaward and executive compensation data regarding first-tier subawards of \$25,000 or more. Prime recipients are to report subaward information no later than the end of the month following the month in which the obligation was made (Title 2, Code of Federal Regulations, Chapter 170).

Questioned Cost:	\$0
U.S. Department of Transportation – Federal Highway Administration	

For 6 (21 percent) of the 29 subawards subject to Transparency Act reporting requirements tested, the Department of Transportation (Department) did not submit the required reports. Those errors occurred because the Department’s process to identify subawards that are subject to Transparency Act reporting requirements was not sufficient to identify the subawards. Not submitting all required Transparency Act reports decreases the reliability and availability of information for the awarding agency and other users of that information.

Recommendation:

The Department should develop and implement a process to ensure that it identifies all of its subawards that are subject to Transparency Act reporting requirements and that it submits all required Transparency Act reports.

Management Response and Corrective Action Plan:

All FIN_FPAA requests for local let project, right of way (ROW), etc. that involve a local entity must be accompanied by the Data Universal Numbering System (DUNS). Under a new process implemented by CST and FIN, it is the responsibility of the FIN Letting Management Branch to get the data from the District or ROW staff submitting the request. An assigned person will gather the list of projects with DUNS each month from our local administered project, FIN_FPAA-requests, and monthly lettings and send it to CST.

CST will compare the information received from FIN/Letting Management with the data from www.USASpending.gov. Any award that needs to be reported not found in the system will be reported to FHWA. Once the award is uploaded to the system for reporting, CST will report the subaward in the FFATA Subaward Reporting System.

Implementation Date: January 2014

Responsible Persons: John F. Obr, Alison McMillan, and John Stott

Reference No. 2013-160

Special Tests and Provisions – Project Extensions

Highway Planning and Construction Cluster – ARRA

Award year – 2009

Award numbers – STP 2009(104)ES and DMO 2007(383)ESTE

Type of finding – Significant Deficiency and Non-Compliance

Approval from the Federal Highway Administration (FHWA) is required for project extensions affecting project costs or the amount of liquidated damages, except for projects administered by the state department of transportation as identified by Title 23, United States Code, Section 106(c), which allow the state department of transportation to assume the responsibilities for design, plans, specifications, estimates, contract awards, and inspection of progress (Title 23, Code of Federal Regulations, Section 635.121).

Questioned Cost:	\$0
U.S. Department of Transportation – Federal Highway Administration	

The Department of Transportation (Department) uses change orders within SiteManager, its construction administration system, to obtain FHWA approval for a project extension. **However, for 2 (14 percent) of 14 major change orders tested, the Department was not able to provide documentation that it had obtained approval from the FHWA for the project extension that affected project costs or the amount of liquidated damages assessed.** Coordination with FHWA is essential for the review and approval of major change orders because the changes may affect the scope of work, project schedule, or project eligibility for federal aid.

Recommendation:

The Department should maintain documentation of FHWA approval for all project extensions that require approval.

Management Response and Corrective Action Plan:

Management concurs with the recommendation. FHWA has until it closes out its project records with TxDOT to approve change orders, all of which are now approved in SiteManager (no hard copies required), which facilitates records management.

Implementation Date: Implemented – January 2013

Responsible Person: John F. Obr

Reference No. 2013-161

Special Tests and Provisions – Quality Assurance Program

(Prior Audit Issues 13-138, 12-146, 11-146, 10-87, and 09-81)

Highway Planning and Construction Cluster

Highway Planning and Construction Cluster – ARRA

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

Each state transportation department must develop a quality assurance program that will assure that the materials and workmanship incorporated into each federal-aid highway construction project on the National Highway System conform with the requirements of the approved plans and specifications, including approved changes. The program must meet the criteria in Title 23, Code of Federal Regulations (CFR), Section 637.207, and be approved by the U.S. Department of Transportation’s Federal Highway Administration (FHWA)

Questioned Cost:	\$0
U.S. Department of Transportation – Federal Highway Administration	

TRANSPORTATION, DEPARTMENT OF

(Title 23, CFR, Section 637.205). Sampling and testing must be performed by qualified laboratories, and qualified sampling and testing personnel must be used in the acceptance decision (Title 23, CFR, Section 637.209).

The Department of Transportation (Department) did not always comply with its approved quality assurance program. Specifically:

- For 2 (1 percent) of 235 quality assurance samples reviewed, for 2 (3 percent) of 60 projects tested, the Department did not comply with the testing requirements for each type of material as specified in the Department’s *Guide Schedule for Sampling Testing*. Not performing required quality assurance tests increases the risk that the Department may not detect project deficiencies that could affect safety and increase costs.
- For 30 (13 percent) of 226 quality assurance samples tested, auditors could not determine whether the tests were performed by an individual who was certified to perform those tests.

The Department uses SiteManager as its system of record for quality assurance testing on its highway construction projects. However, SiteManager does not have edits checks to prevent testers from reviewing and approving their own tests. Specifically:

- For 14 (6 percent) of the 223 quality assurance samples reviewed, the tester and reviewer recorded in SiteManager were the same individual.
- For 17 (8 percent) of the 223 quality assurance samples reviewed, the Department did not document the name of the individual who was the tester in SiteManager. As a result, auditors were unable to determine (1) whether the sample tests were conducted, reviewed, and approved by the same individual and (2) whether the individual who conducted the test was a certified tester.

SiteManager does not have edit checks to ensure that (1) only certified testers are able to enter and sign off on test records and (2) a tester does not also sign off as the reviewer on the same quality assurance sample. Not segregating testing and reviewing responsibilities and having potentially unqualified personnel perform sample testing increases the risk that the Department may not detect project deficiencies that could affect safety and increase costs.

The issues discussed above affected the following awards:

<u>Award Number</u>	<u>Award Year</u>	<u>Award Number</u>	<u>Award Year</u>
STP 2012(390)MM	2012	STP 2009(485)ES (ARRA)	2009
NH 2013(043)	2012	STP 2009(531)ES (ARRA)	2010
BR 2004(709)	2011	BR 2008(107)	2008
STP 2011(798)	2011	BR 2002 (923)	2009
BR 2010(983)	2010	STP 1102(412)	2011
BR 1102(517)	2010	STP 2013(018)	2012
STP 2009(880)MM	2009	BR 2011(019)	2012
NH 2012(197)	2011	STP 2012(035)	2011
IM 0355(150)	2012	STP 1102(408)	2011
NH 2012(351)	2012	STP 2010(089)ESTE (ARRA)	2009
STP 2010(897)MM	2010	STP 2012(060)	2011
STP 2012(064)	2011	CM 2005(79)	2010

Recommendations:

The Department should:

- Perform quality assurance sampling for all required tests as documented on its sampling checklist.
- Implement controls to ensure that only qualified personnel perform quality assurance sample testing.
- Implement appropriate segregation of duties among the personnel who conduct quality assurance sample testing and personnel who review that testing.

- Document the names of the testers for quality assurance sample testing.

Management Response and Corrective Action Plan:

For both samples cited, we confirmed the finding. We will consult with District staff to determine reasons for test deficiencies and to emphasize importance of performing all required tests.

Implementation Date: February 2014

Responsible Person: John F. Obr

The September 13, 2013, SiteManager release included an application control that requires the “Tested By” field to be populated with a certified tester. This control prevents authorization of samples without a certified tester recorded in the test template. The release also included application controls to segregate duties for materials QA testing. Additionally the September 13, 2013, SiteManager release required a valid tester name to be part of the acceptance and authorization. The application has been tested and controls are working as designed.

Implementation Date: September 2013

Responsible Person: John F. Obr

Reference No. 2013-162

Special Tests and Provisions – Utilities

Highway Planning and Construction Cluster

Award year – 2011

Award number – NH 2011(937)

Type of finding – Significant Deficiency and Non-Compliance

Utility agreements, permits, and supporting documentation define the conditions and provisions for accomplishing and reimbursing utility companies for utility relocation work that was required due to a federal aid highway program funded project. The utility agreement shall specify the terms and amounts of any contribution or repayments made or to be made by the utility and shall be supported by plans, specifications when required, and itemized cost estimates of the work agreed upon. The utility agreement must be approved by the Federal Highway Administration (FHWA) prior to the utility incurring any costs or conducting any work that would be eligible for reimbursement (Title 23, Code of Federal Regulations, Section 645.113).

Questioned Cost:	\$13,700
U.S. Department of Transportation – Federal Highway Administration	

For 1 (2 percent) of 41 utility relocations tested, the Department of Transportation (Department) was unable to provide evidence of a utility agreement or support for the utility relocation work performed on the construction project. As a result, auditors were unable to determine (1) whether the Department coordinated with the appropriate utilities prior to FHWA construction authorization, (2) whether the costs associated with the utility relocation work were allowable, (3) and whether the utility relocation work was performed in accordance with an approved agreement. Therefore, auditors considered that \$13,700 utility relocation to be a questioned cost. The Department asserted that a utility agreement existed, but it was unable to locate that agreement in its district office that supervised the utility work. By not properly maintaining utility agreements the Department may not adequately monitor utility relocation work to ensure compliance with federal requirements.

Recommendation:

The Department should maintain utility agreements and supporting documentation for all utility relocation work.

Management Response and Corrective Action Plan:

The original executed agreements for utility accommodations are maintained in the headquarters Right of Way office of record. In the cited case, the district failed to notify the Right of Way Division and forward the original agreement documents. In September of 2013, three additional utility specialists were hired to assist and train district personnel, monitor, and report the status of utility accommodations on transportation projects. The additional oversight and improved processes will assure all agreements are filed and maintained for record.

Implementation Date: August 2014

Responsible Person: Jesse Cooper

University of Houston

Reference No. 2013-163

Eligibility

Activities Allowed or Unallowed

Cash Management

Period of Availability of Federal Funds

Reporting

Special Tests and Provisions – Separate Funds

Special Tests and Provisions – Verification

Special Tests and Provisions – Disbursements To or On Behalf of Students

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A124166; CFDA 84.033, Federal Work-Study Program, P033A124166; CFDA 84.038, Federal Perkins Loan Program – Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P122333; CFDA 84.268, Federal Direct Student Loans, P268K132333; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T132333

Type of finding – Significant Deficiency and Non-Compliance

Cost of Attendance Budgets

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student’s cost of attendance (COA) minus the expected family contribution (EFC) (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087kk). The phrase “cost of attendance” refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board for a student attending the institution on at least a half-time basis (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Questioned Cost:	\$517
U.S. Department of Education	

A full-time student is defined as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. For an undergraduate student, an institution’s minimum standard must equal or exceed 12 semester hours. A half-time student is defined as an enrolled student who is carrying a half-time academic workload, as determined by the institution, which amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student (Title 34, Code of Federal Regulations, Section 668.2).

The University of Houston (University) established different COA budgets for students based on class level (undergraduate or graduate); degree program; in-state or out-of-state residency; living status (on campus, off campus, or at home); and enrollment (full-time, half-time, three-quarter-time, or less-than-half-time). It is the University’s policy to budget students for both the Fall and Spring semesters prior to the start of the Fall semester. At the census date of each semester, the University updates each student's budget based on actual enrollment.

For 13 (22 percent) of 60 students tested, the University incorrectly calculated student COA budgets. Specifically:

- For 9 students who were enrolled less-than-half-time for one semester, the University’s COA calculation erroneously included a room and board budget component. According to the University, it uses a formula in its financial aid system to calculate COA budget components. The formula verifies enrollment status when determining which budgets to apply; however, for all less-than-half-time students, the formula did not consider enrollment, therefore, those students were erroneously given a room and board component. That error resulted in the students who were tested having overstated budgets ranging from \$1,500 to \$3,550. Those students were not overawarded financial assistance; however, incorrect COA calculations could result in an overaward.

- For 4 students, the University did not update the students' COA at the census date to reflect actual enrollment. Those students' budgets reflected anticipated enrollment, which resulted in the students having overstated budgets ranging from \$3,025 to \$9,337. The University does not consistently apply its process for updating COAs for students who are anticipated to attend both Fall and Spring semesters full-time but actually attend either semester less than full-time. That error resulted in one student receiving a \$517 overaward associated with CFDA 84.268, Federal Direct Student Loans, P268K132333.

Other Compliance Requirements

Although the general control weaknesses described below apply to activities allowed or unallowed, cash management, period of availability of federal funds, reporting, special tests and provisions - separate funds, special tests and provisions - verification, and special tests and provisions - disbursements to or on behalf of students, auditors identified no compliance issues regarding those compliance requirements.

General Controls

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

The University did not maintain appropriate user access controls to its financial aid application, PeopleSoft. Specifically:

- Four customer service temporary employees had access to award packaging processes that was not necessary for their job responsibilities. The employment of one of those individuals was terminated in October 2012, but the University had not revoked that individual's access at the time of the audit.
- One customer service employee was given override access to assist with special projects; however, the University did not remove that access when the employee changed jobs within the University and the access was no longer necessary.
- Twenty-four employees, including managers and staff in the Scholarships and Financial Aid Department, have award override access. That access allows users to change parameters to existing awards. The number of people with that type of access was excessive.

Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems and does not allow for proper segregation of duties.

Recommendations:

The University should:

- Calculate each student's COA based on the student's actual enrollment status.
- Apply current COA budgets correctly and consistently to all students.
- Limit user access to current employees and ensure that access is appropriate based on job responsibilities.

Management Response and Corrective Action Plan:

We have determined why the computer system did not correctly adjust the COA for students' enrolled less-than full-time. We have modified the system to help ensure that the COA for these students is adjusted based on their actual enrollment status. We have also reviewed the awarding access and the over-ride access for all employees and will continue this practice on a quarterly basis. We have adjusted the security access on all employees to help ensure that the appropriate access is given based on job responsibilities.

Implementation Date: November 2013

Responsible Persons: Sal Loria, Scott Moore, and Lety Gallegos

Reference No. 2013-164

Special Tests and Provisions – Return of Title IV Funds

(Prior Audit Issues 13-146, 12-152, 11-153, 10-97, and 09-86)

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A124166; CFDA 84.033, Federal Work-Study Program, P033A124166; CFDA 84.038, Federal Perkins Loan Program – Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P122333; CFDA 84.268, Federal Direct Student Loans, P268K132333; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T132333

Type of finding – Significant Deficiency and Non-Compliance

Return of Title IV Funds

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV assistance the student earned as of the student’s withdrawal date (Title 34, Code of Federal Regulations, Section 668.22(a)(1)). If the total amount of Title IV assistance the student earned is less than the amount that was disbursed to 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 (CFR), Section 668.22(a)).

Questioned Cost:	\$2,594
U.S. Department of Education	

An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the payment period or period of enrollment (Title 34, CFR, Section 668.22(j)(2)).

When a recipient of Title IV grant or loan assistance does not begin attendance at an institution during a payment period or period of enrollment, all disbursed Title IV grant and loan funds must be returned. The institution must determine which Title IV funds it must return, and it must determine which funds were disbursed directly to a student. For funds that were disbursed directly to the student, the institution must notify the lender or the Secretary of the U.S. Department of Education that the student did not begin attendance so that the Secretary can issue a final demand letter (Title 34, CFR, Section 668.21). The institution must return those Title IV funds as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance (Title 34, CFR, Section 668.21(b)).

For 1 (2 percent) of 60 students tested, the University of Houston (University) did not correctly perform return calculations, as required. The University calculated that the student earned more than 60 percent of that student’s financial assistance funds and, therefore, was not required to return any assistance. However, auditors determined that the student earned 40.5 percent of that student’s financial assistance funds and, therefore, should have returned Title IV assistance. The error resulted in a questioned cost of \$2,594 associated with CFDA 84.268, Federal Direct Student Loans, P268K132333.

Additionally, for 1 (2 percent) of 60 students tested, the University did not determine the withdrawal dates within the required 30-day time frame. The University’s determination date was 56 days after the end of the Fall term.

When the University does not identify unofficial withdrawals within the required time frame, that increases the risk that it will not return unearned funds to the U.S. Department of Education in a timely manner.

General Controls

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

The University did not maintain appropriate user access controls to its financial aid application, PeopleSoft. Specifically:

- Four customer service temporary employees had access to award packaging processes that was not necessary for their job responsibilities. The employment of one of those individuals was terminated in October 2012, but the University had not revoked that individual's access at the time of the audit.
- One customer service employee was given override access to assist with special projects; however, the University did not remove that access when the employee changed jobs within the University and the access was no longer necessary.
- Twenty-four employees, including managers and staff in the Scholarships and Financial Aid Department, have award override access. That access allows users to change parameters to existing awards. The number of people with that type of access was excessive.

Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems and does not allow for proper segregation of duties.

Recommendations:

The University should:

- Ensure that for unofficial withdrawals, its determination of the withdrawal date is accurate and the correct amount of Title IV funds is returned when necessary.
- Ensure that for unofficial withdrawals, it determines the withdrawal date within 30 days after the end of the term.
- Limit user access to current employees and ensure that access is appropriate based on job responsibilities.

Management Response and Corrective Action Plan:

We have implemented procedures to help ensure the determination of the withdrawal date is accurate and that the correct amount of Title IV funds is returned for all unofficial withdrawals. We have also implemented procedures to help ensure that we identify the correct withdrawal date for unofficial withdrawals within the required 30-day time frame after we become aware of the students' non-attendance. We have also reviewed the awarding access and the over-ride access for all employees and will continue this practice on a quarterly basis. We have adjusted the security access on all employees to help ensure that the appropriate access is given based on job responsibilities.

Implementation Date: November 2013

Responsible Persons: Sal Loria, Scott Moore, and Candida DuBose

Reference No. 2013-165

Special Tests and Provisions – Enrollment Reporting

(Prior Audit Issues 13-147, 12-153, 11-154, 10-98, 09-87, 08-74, and 07-58)

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A124166; CFDA 84.033, Federal Work-Study Program, P033A124166; CFDA 84.038, Federal Perkins Loan Program – Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P122333; CFDA 84.268, Federal Direct Student Loans, P268K132333; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T132333

Type of finding – Significant Deficiency and Non-Compliance

Enrollment Reporting

Unless an institution expects to submit its next student status confirmation report to the Secretary of the U.S. Department of Education or the guaranty agency within the next 60 days, it must notify the guaranty agency or lender within 30 days if it discovers that a Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations, Sections 685.309(b) and 682.610(c)).

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

After grades are posted each term, the University of Houston (University) runs a query to identify students that had no passing grades during the term to identify students that may be considered unofficial withdrawals. The University sends a Proof of Course Completion Form (PCCF) to the students identified in the query for the students to provide evidence of attendance during the term. Students who do not return the form within the required time frame are considered to be unofficially withdrawn students who never attended during the term, and 100 percent of the student financial assistance funds awarded to them should be returned. For students who have withdrawn, the University uses the National Student Loan Data System (NSLDS) Web site to report students’ enrollment status and effective date.

The *NSLDS Enrollment Reporting Guide* states that, in the absence of a student’s formal withdrawal, the student’s last recorded date of attendance should be reported as the status change date. Even if the University cannot determine the exact date of withdrawal, the University is still required to report the student as withdrawn (Title 34, Code of Federal Regulations, Sections 685.309 (b) and 682.610 (c)). In addition, the effective date for a student who has never attended should be the date that the institution certifies the student’s “never attended” status, as reported to NSLDS (*NSLDS Enrollment Reporting Guide*, Appendix B).

For 4 (7 percent) of 60 student status changes tested, the University did not report the enrollment change to NSLDS accurately. Specifically:

- For one student who unofficially withdrew in the Spring 2013 term, the University incorrectly reported the student’s enrollment status as half-time. The student received all non-passing grades in the Spring term and did not provide evidence of attendance during that term. The University reported the effective date of the student’s half-time status, but it should have reported the effective date of the student’s withdrawal.
- For three students who unofficially withdrew in the Fall 2012 term and subsequently did not attend in Spring 2013, the University reported incorrect withdrawal dates to NSLDS. All three students earned all non-passing grades in the Fall term and did not provide evidence of attendance during that term. The University incorrectly reported the final day of the Fall term as the withdrawal date for those students.

For each student described above, when the University determined that the student did not attend during a term, it appropriately returned the student’s federal assistance for the Fall 2012 or Spring 2013 terms, as required, but it did not correctly report or update the student’s enrollment status to NSLDS.

Not reporting student status changes accurately and within the required time frame could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.

General Controls

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

The University did not maintain appropriate user access controls to its financial aid application, PeopleSoft.
Specifically:

- Four customer service temporary employees had access to award packaging processes that was not necessary for their job responsibilities. The employment of one of those individuals was terminated in October 2012, but the University had not revoked that individual's access at the time of the audit.
- One customer service employee was given override access to assist with special projects; however, the University did not remove that access when the employee changed jobs within the University and the access was no longer necessary.
- Twenty-four employees, including managers and staff in the Scholarships and Financial Aid Department, have award override access. That access allows users to change parameters to existing awards. The number of people with that type of access was excessive.

Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems and does not allow for proper segregation of duties.

Recommendation:

The University should:

- Submit the correct effective dates and student status changes to NSLDS for students who are considered to be unofficial withdrawals.
- Limit user access to current employees and ensure that access is appropriate based on job responsibilities.

Management Response and Corrective Action Plan

We are implementing new procedures to help ensure that the Records and Registration data reported to the Student Loan Clearing house and then to NSLDS, contains the correct effective dates and student status changes for unofficial withdrawals. We have also reviewed the awarding access and the over-ride access for all employees and will continue this practice on a quarterly basis. We have adjusted the security access on all employees to help ensure that the appropriate access is given based on job responsibilities.

Implementation Date: December 2013

Responsible Persons: Scott Moore, Candida Dubose, Debbie Henry, and Lety Gallegos

Reference No. 2013-166

Special Tests and Provisions – Borrower Data Transmission and Reconciliation (Direct Loan)

(Prior Audit Issues 13-148, 12-154, and 11-155)

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award number –CFDA 84.268, Federal Direct Student Loans, P268K132333

Type of finding – Significant Deficiency and Non-Compliance

Borrower Data Transmission

Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) via the Common Origination and Disbursement (COD) System within 30 days of disbursement (*Office of Management and Budget No. 1845-0021*). Each month, the COD System provides institutions with a School Account Statement (SAS) data file, which consists of cash summary, cash detail, and (optional at the request of the school) loan detail records. The institution is required to reconcile those files to its financial records. Because up to three Direct Loan program years may be open at any given time, institutions may receive three SAS data files each month (Title 34, Code of Federal Regulations, Sections 685.102(b), 685.301, and 303; and *Direct Loans School Guide*, Chapter 6, Reconciliation).

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

When the University of Houston (University) is scheduled to disburse a Direct Loan, the disbursement is automatically processed in the University’s financial aid system (PeopleSoft) and automatically reported to the COD System. However, in some cases, a student may have a hold in PeopleSoft that would prevent a loan from automatically disbursing. The University may review the student’s account and manually override the hold in PeopleSoft to disburse the funds. When that occurs, the disbursement is not automatically reported to the COD System and the University must manually report the disbursement to the COD System. The University has a monthly reconciliation process to identify any unreported disbursements and report them to the COD System.

For 4 (2 percent) of 197 disbursements tested, the University did not report to the COD System correctly or in a timely manner. Those 4 disbursements were associated with 3 of 60 students tested. Specifically:

- For three disbursements to two students, the University incorrectly reported either a disbursement date or disbursement amount. Additionally, it reported two of those disbursements more than 30 days after disbursement.
- For the fourth disbursement, the University reported the disbursement to the COD System more than 30 days after the disbursement. However, the disbursement date and amount it reported to the COD System were correct.

All affected disbursements described above had holds in the University’s financial aid system that prevented the disbursements from being included in the automated reporting process to the COD System. The University’s monthly reconciliation process identified the unreported disbursements and the University manually reported them to the COD System. However, the University incorrectly reported information due to manual errors or did not always perform the reconciliation process in a timely manner to enable it to report the disbursements within the required time frame.

As a result of the errors described above, the U.S. Department of Education did not receive timely or accurate Direct Loan disbursement data for some disbursements during the award year. The University has corrected the errors and reported the correct dates and amounts to the COD System.

General Controls

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

The University did not maintain appropriate user access controls to its financial aid application, PeopleSoft.
Specifically:

- Four customer service temporary employees had access to award packaging processes that was not necessary for their job responsibilities. The employment of one of those individuals was terminated in October 2012, but the University had not revoked that individual's access at the time of the audit.
- One customer service employee was given override access to assist with special projects; however, the University did not remove that access when the employee changed jobs within the University and the access was no longer necessary.
- Twenty-four employees, including managers and staff in the Scholarships and Financial Aid Department, have award override access. That access allows users to change parameters to existing awards. The number of people with that type of access was excessive.

Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems and does not allow for proper segregation of duties.

Recommendations:

The University should:

- Submit Direct Loan disbursement reports to the COD System within the required 30-day time frame.
- Perform reconciliations in a timely manner.
- Report actual disbursement dates and amounts to the COD System.
- Limit user access to current employees and ensure that access is appropriate based on job responsibilities.

Management Response and Corrective Action Plan:

We have implemented procedures to help ensure that all loan disbursement reports are submitted to the COD System within the required 30-day time frame. We have also implemented procedures to perform reconciliation in a timely manner and to report actual disbursements dates and amounts to the COD System. We have also reviewed the awarding access and the over-ride access for all employees and will continue this practice on a quarterly basis. We have adjusted the security access on all employees to help ensure that the appropriate access is given based on job responsibilities.

Implementation Date: October 2013

Responsible Persons: Sal Loria, Scott Moore, and Lear Hickman

University of Houston – Victoria

Reference No. 2013-167

Special Tests and Provisions – Verification

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P123632; CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A124901; and CFDA 84.268, Federal Direct Student Loans, P268K133632

Type of finding – Significant Deficiency and Non-Compliance

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income (AGI), U.S. income taxes paid, child support paid, food stamps, education credits, IRA deductions, and other untaxed income (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56 and *Federal Register*, Volume 76, Number 134). When the verification of an applicant’s eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the student’s FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant’s financial aid package on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR). For the Federal Pell Grant Program, if an applicant’s FAFSA information changes as a result of verification, an institution must recalculate the applicant’s Federal Pell Grant on the basis of the EFC on the corrected ISIR and disburse any additional funds under that award (Title 34, CFR, Section 668.59).

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

For 10 (17 percent) of 60 applicants tested, the University of Houston – Victoria (University) did not retain supporting documentation for some of the information required to be verified or did not accurately verify certain required items on the FAFSA. Specifically:

- For three applicants, the University did not accurately verify the applicants’ AGI or education credit; therefore, it did not subsequently update its records and request updated ISIRs as required. Based on the information the University provided, that resulted in a \$125 overaward of a Federal Pell Grant for one applicant and a \$900 Federal Pell Grant overaward for another applicant (both overawards were associated with award number P063P123632). After auditors brought those issues to the University’s attention, the University provided evidence that it corrected the overawards; therefore, there are no questioned costs associated with those errors.
- For seven applicants, the University could not provide supporting documentation for some of the information it was required to verify; therefore, auditors could not determine whether the FAFSA amounts the applicants reported were correct. For those applicants, the University did not retain support for one or more of the following amounts: AGI, Supplemental Nutrition Assistance Program benefits, child support paid, IRA deductions, and education credits.

The above errors occurred because of manual errors the University made in verification. Not properly verifying FAFSA information could result in the University overawarding or underawarding student federal financial assistance.

Recommendations:

The University should:

- Develop and implement controls to accurately verify all required FAFSA information for applicants selected for verification and request updated ISIRs when required.
- Retain supporting documentation for all required verification items.

Management Response and Corrective Action Plan:

Manual review and entry of data for the verification process allows for human error so we have modified our procedures by dividing the verification process into steps that will ensure each student selected for verification is reviewed by two financial aid specialists. One specialist will complete the verification process. The other specialist will review all verifications processed for accuracy. In addition, the corrected Institutional Student Information Records (ISIRs) that were reprocessed will be reviewed to ensure all verification components were updated accurately.

The two specialists have attended and continue to attend Verification webinars to keep up-to-date with the regulations and required verification components. In addition, the support staff has been educated on the importance of scanning and retaining all pages (front and back side) of the verification documentation. Only full-time staff will be allowed to review scanned documents for record retention in order to comply with record keeping and electronic storage requirements.

Implementation Date: July 2013

Responsible Person: Carolyn Mallory

University of North Texas

Reference No. 2013-168

Special Tests and Provisions – Verification

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P122293; CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A124085; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T132293; CFDA 84.033, Federal Work-Study Program, P033A124085; CFDA 84.268, Federal Direct Student Loans, P268K132293; and CFDA 84.038, Federal Perkins Loan Program – Federal Capital Contributions, Award Number Not Applicable

Type of finding – Significant Deficiency and Non-Compliance

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income (AGI), U.S. income taxes paid, child support paid, food stamps, education credits, IRA deductions, and other untaxed income (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56 and *Federal Register*, Volume 76, Number 134). When the verification of an applicant’s eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the student’s FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant’s financial aid package on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR). For the federal Pell Grant Program, if an applicant’s FAFSA information changes as a result of verification, an institution must recalculate the applicant’s federal Pell Grant on the basis of the EFC on the corrected ISIR and disburse any additional funds under that award (Title 34, CFR, Section 668.59).

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

For 5 (8 percent) of 60 students tested, the University of North Texas (University) did not submit corrections for changes in education credit amounts to the U.S. Department of Education as required; however, the University accurately verified all required information. As a result, the University underawarded 3 of those 5 students a total of \$1,225 in federal Pell Grants associated with award number P063P122293. Those errors occurred because of a batch processing error in the University’s financial aid system, which caused the University not to report any changes in education credit amounts. The University asserted that the batch processing error affected an additional 528 students.

Not submitting required corrections to the U.S. Department of Education could result in the University overawarding or underawarding student federal financial assistance.

Recommendation:

The University should correct the batch process in its financial aid system so that it submits changes in education credit amounts to the U.S. Department of Education and adjusts applicants’ financial aid packages accordingly.

Management Response and Corrective Action Plan:

Management made changes to the batch process in EIS which allow education credit changes to be reported. All students affected were corrected.

Implementation Date: July 2013

Responsible Persons: Dena Guzman-Torres and Lacey Thompson

Reference No. 2013-169

Special Tests and Provisions – Enrollment Reporting

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P122293; CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A124085; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T132293; CFDA 84.268, Federal Direct Student Loans, P268K132293; and CFDA 84.038, Federal Perkins Loan Program-Federal Capital Contributions, 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 discovers that a Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations, Sections 685.309(b) and 682.610(c)).

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

The University of North Texas (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to the National Student Loan Data System (NSLDS). Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to the respective lenders and guarantors. Additionally, NSC completes the roster file on the University’s behalf and communicates status changes to NSLDS as applicable. Although the University uses the services of NSC, it is still ultimately the University’s responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, Chapter 1).

Additionally, for unofficial withdrawals, the institution should report the effective withdrawal date as the last recorded date of attendance, which is the last date of participation in an academically-related activity, or in the absence of evidence of such activity, the midpoint of the term (U.S. Department of Education *2012-2013 Federal Student Aid Handbook*).

For 13 (22 percent) of 60 students tested, the University did not accurately report the students’ enrollment status to NSLDS. Specifically:

- Four of those students unofficially withdrew during the Fall semester, but the University reported to NSLDS that those students were enrolled full or half-time for the entire semester.
- For nine of those students, the University correctly reported them as withdrawn, but it did not report the correct effective dates of the status changes to NSLDS. The University reported the effective withdrawal dates as either the first or last day of the semester, instead of the last recorded date of attendance or the midpoint of the semester.

All 13 students unofficially withdrew from the University in the Fall semester and did not return for the Spring semester. The errors occurred because the University does not have a formal process to ensure that it properly reports to NSLDS status changes and effective dates of withdrawal for unofficially withdrawn students who do not return the following semester. After the University became aware of those errors, it reported the correct status changes and effective dates to NSLDS. However, not reporting student status changes and effective dates accurately to NSLDS could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government’s payment of interest subsidies.

Recommendation:

The University should implement a formal process to accurately report status changes and effective dates for unofficially withdrawn students to NSLDS.

Management Response and Corrective Action Plan:

Management is attentive to the U.S. Department of Education requirements associated with Student Status Changes resulting from unofficial withdrawals.

Management has implemented business controls to ensure accurate and timely reporting to the National Student Clearinghouse and the National Student Loan Data System for this population of students.

Implementation Date: June 2013

Responsible Person: Bryan Heard

University of Texas at Arlington

Reference No. 2013-170

Eligibility

Activities Allowed or Unallowed

Cash Management

Period of Availability of Federal Funds

Reporting

Special Tests and Provisions – Separate Funds

Special Tests and Provisions – Disbursements To or On Behalf of Students

Special Tests and Provisions – Borrower Data Transmission and Reconciliation (Direct Loan)

(Prior Audit Issues 13-154 and 12-156)

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P122335; CFDA 84.268, Federal Direct Student Loans, P268K132335; CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A124172; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T132335; CFDA 84.033, Federal Work-Study Program, P033A124172; CFDA 93.264, Nurse Faculty Loan Program (NFLP), 1E01HP24671-01-00; and CFDA 84.038, Federal Perkins Loan Program – Federal Capital Contributions, Award Number Not Applicable

Type of finding – Significant Deficiency and Non-Compliance

Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student’s cost of attendance (COA) minus the expected family contribution (EFC) (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087kk). The phrase “cost of attendance” refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087II).

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

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student’s Institutional Student Information Record (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student’s financial need (Title 34, Code of Federal Regulations (CFR), Sections 668.2, 673.5, and 685.301).

A full-time student is defined as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. For an undergraduate student, an institution’s minimum standard must equal or exceed 12 semester hours. A half-time student is defined as an enrolled student who is carrying a half-time academic workload, as determined by the institution, which amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student (Title 34, CFR, Section 668.2).

Direct Loans have annual and aggregate limits that are the same for all students at a given grade level and dependency status. In general, a loan may not be more than the amount the borrower requests, the borrower’s cost of attendance, the borrower’s maximum borrowing limit, or the borrower’s unmet financial need (U.S. Department of Education 2012-2013 *Federal Student Aid Handbook*).

Institutions are allowed to use professional judgment to adjust COA on a case-by-case basis to allow for special circumstances (U.S. Department of Education 2012-2013 *Federal Student Aid Handbook*). However, such adjustments must be documented in the student’s file.

The University of Texas at Arlington (University) establishes different COA budgets for students based on class level (undergraduate or graduate), degree program, in-state or out-of-state residency, living status (on campus, off campus, or at home), and term enrollment (full-time, half-time, or three-quarter time). Prior to an award year, the University requests that students submit their anticipated enrollment to the financial aid office if they plan to enroll less than full-time. The University's student budgets default to full-time enrollment if the student does not respond to a request for anticipated enrollment. The University's default to full-time results in a failure to adjust the budget for actual anticipated enrollment; therefore, by not adjusting a student's COA budget for actual enrollment, the University increases the risk of awarding assistance in excess of the student's financial need or COA budget.

Auditors calculated student COA budgets based on both the University's process and based on the students' actual enrollment. For 2 (3 percent) of the 60 students tested, the COA budgets based on actual enrollment were less than the COA budgets based on the University's process and, as a result, the University overawarded assistance to those students. Specifically, for 1 student, total assistance disbursements exceeded the student's COA budgets based on actual enrollment, which resulted in an overaward of \$85. The other student received need-based assistance disbursements that exceeded the student's calculated need by \$398. The University budgeted both of those students as full-time; however, the students' actual enrollment was less than full-time for one or more terms during the award year. For the terms in which those students did not attend full-time, the students still had COA budgets and assistance awards based on full-time enrollment. After auditors brought the issues to the University's attention, the University adjusted the student awards; therefore, there were no questioned costs.

In addition, for 7 (12 percent) of 60 students tested, the University incorrectly calculated student COA budgets. Specifically:

- For three students, the University used the incorrect budget to calculate COA. Those students required manual adjustments to their budgets and, in making those adjustments, the University used incorrect budgets. The budgets were understated by amounts ranging from \$150 to \$2,288.
- For three students, the University inconsistently adjusted COA budget components. The students were initially budgeted at anticipated full-time enrollment but were enrolled less than full-time. The University adjusted the student's budget amount for books to reflect actual enrollment, but it did not adjust the tuition and fees component. Therefore, the students' tuition and fees components were overstated by amounts ranging from \$1,316 to \$1,418. According to the University, it adjusted its automated system's settings so that the amount for books would reflect actual enrollment; however, it did not apply that adjustment to tuition and fees.
- One student's COA calculation included an amount for books that was higher than the budget amount. The University asserted the amount for books was based on professional judgment; however, it did not include support for the professional judgment in the student's file, as required.

None of the seven students discussed above was overawarded assistance; however, incorrect COA calculations could result in underawards or overawards of financial assistance.

Federal Pell Grant and Federal Supplemental Educational Opportunity Grant Awards

In selecting students for the federal Pell Grant Program, an institution must determine whether a student is eligible to receive a federal Pell Grant for the period of time required to complete his or her first undergraduate baccalaureate course of study (Title 34, CFR, Section 690.6(a)). For each payment period, an institution may award a federal Pell Grant to an eligible student only after it determines that the student is enrolled in an eligible program as an undergraduate student (Title 34, CFR, Section 690.75(a)).

The Federal Supplemental Educational Opportunity Grant (FSEOG) program provides grants to eligible undergraduate students. Institutions are required to award FSEOG to federal Pell Grant recipients who have the lowest EFC first. If an institution has FSEOG funds remaining after giving FSEOG awards to all Pell Grant recipients, the institution can then award the remaining FSEOG funds to eligible undergraduate students with the lowest EFCs who did not receive Pell Grants (Title 34, CFR, Section 676.10).

The University disbursed \$8,919 in Pell Grants to 4 post-baccalaureate students who had previously obtained an undergraduate degree. One of those students also received an FSEOG award of \$500. According to the University, those errors occurred because the University's financial aid system packages student assistance based on annual enrollment, and it does not automatically identify students whose enrollment levels change in an academic

year. The University packaged those students' assistance prior to when the students earned their first baccalaureate degrees, but the students received Pell Grant disbursements after becoming post-baccalaureates. The University did not have a control to identify Pell Grant and FSEOG recipients who had previously earned a baccalaureate degree. After auditors brought this issue to its attention, the University provided evidence that it corrected the errors; therefore, there were no questioned costs.

Federal Direct Student Loans

The Budget Control Act of 2011 eliminated subsidized loan eligibility for graduate and professional students for loan periods/periods of enrollment beginning on or after July 1, 2012 (U.S. Department of Education *2012-2013 Federal Student Aid Handbook*). Therefore, only undergraduate students are eligible to receive Subsidized Direct Loans, and graduate students are only eligible for Unsubsidized Direct Loans or Direct PLUS loans.

The University disbursed a total of \$4,474 in subsidized Direct Loans to two graduate students after July 1, 2012. According to the University, those errors occurred because the University's financial aid system packages student assistance based on annual enrollment, and it does not automatically identify students whose enrollment levels change in an academic year. The University packaged those students' assistance when the students were undergraduates, but the students received the subsidized Direct Loans after becoming graduate students. After auditors brought this issue to its attention, the University provided evidence that it corrected the errors; therefore, there were no questioned costs.

Other Compliance Requirements

Although the general control weaknesses described below apply to activities allowed or unallowed, cash management, period of availability of federal funds, reporting, special tests and provisions - separate funds, special tests and provisions - disbursements to or on behalf of students, and special tests and provisions - borrower data transmission and reconciliation (Direct Loan), auditors identified no compliance issues regarding those compliance requirements.

General Controls

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

The University did not consistently maintain appropriate access controls over user accounts to ensure proper segregation of duties. Specifically, employees had inappropriate access to awarding and packaging student financial assistance, and one employee maintained access to develop and migrate code after that employee's job duties changed. After auditors brought this matter to the University's attention, the University removed the inappropriate access for one employee who could both develop code and migrate code to the production environment. Additionally, the University did not have policies regarding administrative and special account access. Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems and does not allow for proper segregation of duties.

The University conducts periodic reviews of the database accounts and reviews accounts upon employee changes and/or terminations; however, it does not consistently document those reviews. The University also did not consistently conduct periodic user access reviews on application, server, or network accounts. Additionally, the University did not have policies requiring periodic reviews of user access. Not periodically reviewing user access increases the risk of inappropriate access to critical information systems going undetected.

Recommendations:

The University should:

- Calculate each student's COA based on the correct budget and ensure that COA calculations based on anticipated enrollment do not result in overawards or underawards of financial assistance.

- Disburse Pell Grants, FSEOG awards, and subsidized Direct Loans only to eligible undergraduate students.
- Limit user access to current employees and ensure that access is appropriate based on job responsibilities.
- Establish and implement a policy for use of administrative and special access accounts.
- Retain documentation of periodic user access reviews and conduct those reviews at least annually.
- Establish a policy for and conduct formal periodic reviews of user access to its key applications, databases, and servers and ensure that user access is appropriate.

Management Response and Corrective Action Plan:

Cost of Attendance

- *For three students, the University used the incorrect budget to calculate COA. The University has numerous budgets to account for varying costs across programs. Manual intervention is required when students change programs after awards have been made; this finding is a result of human error. The error did not result in an overaward to the students. Staff training related to this error will be conducted by Karen Krause, Executive Director, on December 13, 2013.*
- *For three students, the University inconsistently adjusted COA budget components. The students were initially budgeted at anticipated full-time enrollment but were enrolled less than full-time. The University adjusted the student's budget amount for books to reflect actual enrollment, but it did not adjust the tuition and fees component. The books within the less than full-time budgets for select programs were incorrectly set up in the financial aid management system. The error did not result in an overaward to the students. This error was corrected by Karen Krause, Executive Director in October, 2013.*
- *One student's COA calculation included an amount for books that was higher than the budget amount. The University asserted the amount for books was based on professional judgment; however, it did not include support for professional judgment in the students file, as required. This finding is a result of human error with regards to professional judgment procedures. The error did not result in an overaward to the student. Staff training related to this error will be conducted by Tanya Vittitow, Associate Director, on December 13, 2013.*

The University is in the process of revising our policies and procedures to identify a point in time in which actual enrollment data can be utilized to adjust the COA budgets prior to disbursement.

Implementation Date: May 1, 2014

Responsible Persons: Karen Krause and Beth Reid

Federal Pell Grant and Federal Supplemental Educational Opportunity Grant Awards

This finding is a result of human error. Staff training related to this error will be conducted.

Implementation Date: December 13, 2013

Responsible Persons: Karen Krause and Tanya Vittitow

Federal Direct Student Loans

A regulatory change on July 1, 2012, required cancellation of all previously awarded and undisbursed subsidized Direct Loans to graduate students be canceled and no future awards be made. A report was created and manually worked to cancel all previous undisbursed awards; human error resulted in the finding. The auditors reviewed 100

percent of the graduate disbursements for the audit period therefore; no future findings should be related to the implementation of this regulatory change.

Implementation Date: August 1, 2013

Responsible Person: Karen Krause

General Controls

The University is in the process of reviewing our policies and procedures to maintain appropriate access controls over user accounts.

Implementation Date: May 1, 2014

Responsible Person: Mike Ten Eyck

Reference No. 2013-171

Special Tests and Provisions – Verification

(Prior Audit Issues 13-155 and 12-158)

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P122335; CFDA 84.007, Federal Supplemental Education Opportunity Grants, P007A124172; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T132335; CFDA 84.033, Federal Work Study Program, P033A124172; CFDA 84.268, Federal Direct Student Loans, P268K132335; and CFDA 93.264, Nurse Faculty Loan Program (NFLP), 1E01HP24671-01-00

Type of finding – Significant Deficiency and Non-Compliance

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income (AGI), U.S. income taxes paid, child support paid, food stamps, education credits, IRA deductions, and other untaxed income (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56 and *Federal Register* Volume 76, Number 134). When the verification of an applicant’s eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the student’s FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant’s financial aid package on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR). For the federal Pell Grant Program, if an applicant’s FAFSA information changes as a result of verification, an institution must recalculate the applicant’s federal Pell Grant on the basis of the EFC on the corrected ISIR and disburse any additional funds under that award (Title 34, CFR, Section 668.59).

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

For 2 (3 percent) of 60 students tested, the University of Texas at Arlington (University) did not accurately verify all required items on the FAFSA; therefore, it did not subsequently update its records and request an updated ISIR as required. Specifically:

- For 1 student, the University did not accurately verify the number of household members enrolled in college or the amount of educational credits.
- For 1 student, the University did not accurately verify the amount of income earned by the student. At the time of verification, the University did not obtain a W-2 from the student to properly verify the amount of income that the student listed on the verification worksheet.

According to the University, these errors were due to manual errors made during the verification process. When auditors brought the errors to its attention, the University obtained missing documentation, corrected the information, and requested updated ISIRs. The updated information did not result in a change to the students' EFCs or award amounts; therefore, there were no questioned costs. However, not properly verifying FAFSA information could result in the University overawarding or underawarding student financial assistance.

General Controls

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

The University did not consistently maintain appropriate access controls over user accounts to ensure proper segregation of duties. Specifically, employees had inappropriate access to awarding and packaging student financial assistance, and one employee maintained access to develop and migrate code after that employee's job duties changed. After auditors brought this matter to the University's attention, the University removed the inappropriate access for one employee who could both develop code and migrate code to the production environment. Additionally, the University did not have policies regarding administrative and special account access. Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems and does not allow for proper segregation of duties.

The University conducts periodic reviews of the database accounts and reviews accounts upon employee changes and/or terminations; however, it does not consistently document those reviews. The University also did not consistently conduct periodic user access reviews on application, server, or network accounts. Additionally, the University did not have policies requiring periodic reviews of user access. Not periodically reviewing user access increases the risk of inappropriate access to critical information systems going undetected.

Recommendations:

The University should:

- Accurately verify all required FAFSA information for students selected for verification and request updated ISIRs when required.
- Limit user access to current employees and ensure that access is appropriate based on job responsibilities.
- Establish and implement a policy for use of administrative and special access accounts.
- Retain documentation of periodic user access reviews and conduct those reviews at least annually.
- Establish a policy for and conduct formal periodic reviews of user access to its key applications, databases, and servers and ensure that user access is appropriate.

Management Response and Corrective Action Plan:

- *For 1 student the University did not accurately verify the number of household members enrolled in college or the amount of education credits.*
Manual calculations and updates are inherent in the verification procedures; this finding is a result of human error. The error did not result in a change to the students' EFC or award amounts. This error was corrected by Jason Young, Associate Director, in July, 2013.
- *For 1 student, the University did not accurately verify the amount of income earned by the student.*
Manual calculations and updates are inherent in the verification procedures; this finding is a result of human error. The error did not result in a change to the students' EFC or award amounts. This error was corrected by Jason Young, Associate Director, in July, 2013.

The University continues to provide annual and ongoing verification training to staff members.

Implementation Date: December 11, 2013

Responsible Person: Jason Young

General Controls

The University is in the process of reviewing our policies and procedures to maintain appropriate access controls over user accounts.

Implementation Date: May 1, 2014

Responsible Person: Mike Ten Eyck

Reference No. 2013-172

Special Tests and Provisions – Return of Title IV Funds

(Prior Audit Issues 13-156, 12-160, and 10-112)

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P122335; CFDA 84.007, Federal Supplemental Education Opportunity Grants, P007A124172; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T132335; CFDA 84.033, Federal Work Study Program, P033A124172; CFDA 84.268, Federal Direct Student Loans, P268K132335; and CFDA 93.264, Nurse Faculty Loan Program (NFLP), 1E01HP24671-01-00

Type of finding – Material Weakness and Material Non-Compliance

Return of Title IV Calculations

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV assistance earned by the student as of the student’s withdrawal date (Title 34, Code of Federal Regulations (CFR), Section 668.22(a)(1)). If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution’s determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment (Title 34, CFR, Section 668.22(a)(4)).

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

The amount of earned Title IV grant or loan assistance is calculated by (1) determining the percentage of Title IV grant or loan assistance that the student has earned and (2) applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student for the payment period or period of enrollment as of the student’s withdrawal date. A student earns 100 percent if his or her withdrawal date is after the completion of 60 percent of the payment period or period of enrollment. The unearned amount of Title IV assistance to be returned is calculated by subtracting the amount of Title IV assistance the student earned from the amount of Title IV assistance that was disbursed to the student as of the date of the institution’s determination that the student withdrew (Title 34, CFR, Section 668.22(e)).

The total number of calendar days in a payment period or period of enrollment includes all days within the period that the student was scheduled to complete, except that scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in a payment period or period of enrollment and the number of calendar days completed in that period (Title 34, CFR, Section 668.22(f)(2)(i)).

The University of Texas at Arlington (University) has not established adequate controls to ensure that it correctly calculates return amounts. For 10 (24 percent) of 42 students tested who required a return, the University did not correctly calculate the number of days the students attended and, therefore, did not

correctly calculate the amount of Title IV assistance to be returned. The students were enrolled through a partnership program that had sessions with varying beginning and ending dates and varying lengths. Because of that, the University manually calculated the number of days attended and total number of days in these sessions; however, it incorrectly performed that calculation for those 10 students. Those students received a total of \$58,192 in federal financial assistance for the sessions in question. As a result of the incorrect calculations, 6 students earned a total of \$244 less in assistance than the University initially calculated and 4 students earned a total of \$2,971 more in assistance than the University initially calculated.

After the auditors brought the errors to the University's attention, the University worked to adjust the grants and loans associated with those students, taking into consideration the change in the return calculation and the amount of assistance the University needed to return or award to the students. Based on the results of the adjustments the University calculated, the University completed an overadjustment of \$256.

By manually entering some student information into the return of Title IV calculator in its financial aid system, instead of relying on automated controls in that system, the University increases the risk of errors in return calculations and the risk that it will not return the correct amount of Title IV assistance to the U.S. Department of Education.

Unofficial Withdrawals

If a student does not begin attendance in a payment period or period of enrollment, the institution must return all Title IV funds that were credited to the student's account at the institution (Title 34, CFR, 668.21(a)). The Secretary of the U.S. Department of Education considers that a student has 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, CFR, 668.21(c)).

If a student did not begin the official withdraw process or provide notification of his or her intent to withdraw, the date of the institution's determination that the student withdrew would be the date that the institution becomes aware that the student ceased attendance (U.S. Department of Education *2012-2013 Federal Student Aid Handbook*). If a student is determined to have withdrawn from an institution, the student is no longer considered to be enrolled and in attendance. Therefore, the student is no longer eligible for an in-school status or in-school deferment, and the institution must report the student as withdrawn (U.S. Department of Education *2012-2013 Federal Student Aid Handbook*).

After grades are posted each semester, the University runs a query to identify students that had all non-passing grades during the semester and sends the students a request for proof that they attended during the semester. Students who return proof that they attended are given a withdrawal date, and the University determines whether a return of Title IV funds is required. However, if a student does not return proof of attendance, the University does not consider the student to be withdrawn and never attended for the purpose of returning Title IV assistance.

For 6 (33 percent) of 18 students tested who never attended, the University did not return all Title IV funds or notify the Secretary of the U.S. Department of Education. All six students received all non-passing grades and did not provide evidence of attendance for the semester; however, the University did not return any unearned Title IV assistance. The University did not return a total of \$18,417 in Direct Loans and Pell Grants. After auditors brought the errors to the University's attention, the University returned the amount of unearned aid; therefore, there were no questioned costs.

Those errors occurred because the University's process to ensure that it completes returns for students with all non-passing grades did not identify those students; therefore, it did not determine whether a return of Title IV funds was required. Because the University did not consider those students to be unofficially withdrawn, it did not report them as withdrawn to the Secretary of the U.S. Department of Education for enrollment reporting purposes.

For one additional student tested who never attended, the student was able to provide evidence of attendance; therefore, the University was not required to return any Title IV funds for that student. However, the University did not determine that the student had earned all of the student's Title IV funds until auditors brought this matter to its attention.

Timeliness of Returns

An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the payment period or period of enrollment (Title 34, CFR, Section 668.22(j)(2)). In addition, returns of Title IV funds must be initiated to the U.S. Department of Education as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew (Title 34, CFR, Sections 668.22(j)).

For 3 (7 percent) of 42 students tested for whom the University was required to return funds, it did not return those funds within 45 days of determining those students' withdrawal dates. The University took between 128 and 265 days after determining the students had withdrawn to return the funds.

For 13 (72 percent) of 18 students tested who never attended during a semester, the University did not determine the students' withdrawal dates within 30 days of the end of the semester. The University took between 40 and 216 days after determining the students had never attended to return the funds. For 10 of those 13 students, the University did not have evidence of returns until after auditors brought this matter to its attention.

The University's process for identifying students who have unofficially withdrawn does not ensure that it makes withdrawal determinations and completes the returns within the required time frames. Late identification of withdrawals increases the risk that the University will not return unearned funds to the U.S. Department of Education in a timely manner.

General Controls

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

The University did not consistently maintain appropriate access controls over user accounts to ensure proper segregation of duties. Specifically, employees had inappropriate access to awarding and packaging student financial assistance, and one employee maintained access to develop and migrate code after that employee's job duties changed. After auditors brought this matter to the University's attention, the University removed the inappropriate access for one employee who could both develop code and migrate code to the production environment. Additionally, the University did not have policies regarding administrative and special account access. Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems and does not allow for proper segregation of duties.

The University conducts periodic reviews of the database accounts and reviews accounts upon employee changes and/or terminations; however, it does not consistently document those reviews. The University also did not consistently conduct periodic user access reviews on application, server, or network accounts. Additionally, the University did not have policies requiring periodic reviews of user access. Not periodically reviewing user access increases the risk of inappropriate access to critical information systems going undetected.

Recommendations:

The University should:

- Calculate returns of Title IV funds correctly.
- Strengthen controls to help ensure that it accurately determines the payment period or period of enrollment for all students enrolled in its programs.
- Establish and implement a sufficient review process to help ensure that it calculates and processes returns of Title IV funds in a timely manner.
- Return Title IV funds within the required time frames.
- Limit user access to current employees and ensure that access is appropriate based on job responsibilities.
- Establish and implement a policy for use of administrative and special access accounts.

- Retain documentation of periodic user access reviews and conduct those reviews at least annually.
- Establish a policy for and conduct formal periodic reviews of user access to its key applications, databases, and servers and ensure that user access is appropriate.

Management Response and Corrective Action Plan:

Return of Title IV Calculations

The University growth in partnership programs (100 percent of related finding) that have varying beginning dates, ending dates and lengths require additional manual review that standard term students do not. The finding is a result of human error. The review of our policies and procedures to ensure accuracy are ongoing.

Implementation Date: December 3, 2013

Responsible Persons: Lea Anne Sikora and Tanya Vittitow

Unofficial Withdrawals

The University does not have a mechanism in place to document that a student began attendance and therefore is eligible for their Title IV assistance for the audit period; we utilized non-passing grade reports to identify this population. A report was created and manually worked to identify students that were ineligible to receive Title IV assistance (100 percent of related finding); the finding is a result of human error. A review of our Institutional policies and procedures to ensure the University has a mechanism in place to document when or if a student began attendance is in process.

Implementation Date: May 1, 2014

Responsible Persons: Karen Krause and Tanya Vittitow

Timeliness of Returns

The University does not have a mechanism in place to document that a student began attendance and therefore is eligible for their Title IV assistance for the audit period. Non-passing grade reports are utilized to identify students and permit them to provide documentation of an academically related activity. Human error is responsible for the late returns and unofficial withdrawal date determinations. A review of our Institutional policies and procedures to ensure the University has a mechanism in place to document when or if a student began attendance is in process.

Implementation Date: May 1, 2014

Responsible Persons: Karen Krause and Tanya Vittitow

General Controls

The University is in the process of reviewing our policies and procedures to maintain appropriate access controls over user accounts.

Implementation Date: May 1, 2014

Responsible Person: Mike Ten Eyck

Reference No. 2013-173

Special Tests and Provisions – Enrollment Reporting

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P122335; CFDA 84.268, Federal Direct Student Loans, P268K132335; CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A124172; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T132335; CFDA 84.033, Federal Work-Study Program, P033A124172; CFDA 93.264, Nurse Faculty Loan Program (NFLP), 1E01HP24671-01-00; and CFDA 84.038, Federal Perkins Loan Program – Federal Capital Contributions, Award Number Not Applicable

Type of finding – Significant Deficiency and Non-Compliance

Enrollment Reporting

Unless an institution expects to submit its next student status confirmation report to the Secretary of the U.S. Department of Education or the guaranty agency within the next 60 days, it must notify the guaranty agency or lender within 30 days if it discovers that a Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations, Sections 685.309(b) and 682.610(c)).

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

The University of Texas at Arlington (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to the National Student Loan Data System (NSLDS). Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to the respective lenders and guarantors. Additionally, NSC completes the roster file on the University’s behalf and communicates status changes to NSLDS as applicable. Although the University uses the services of NSC, it is still ultimately the University’s responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, Chapter 1).

The *NSLDS Enrollment Reporting Guide* states that, in the absence of a formal withdrawal, the last recorded date of attendance should be reported as the status change date. In addition, the effective date for a student who has never attended should be the date that the institution certifies the student’s “never attended” status, as reported to NSLDS (*NSLDS Enrollment Reporting Guide*, Appendix B).

For 7 (12 percent) of 60 student status changes tested, the University did not report the change to NSLDS accurately. Specifically:

- For two students who did not successfully obtain credit for any of their courses and, therefore, unofficially withdrew during the Fall 2012 semester, the University incorrectly reported the students’ enrollment status as half-time and less than half-time, respectively. The University had evidence that those students had attended class through September 20, 2012, and October 8, 2012.
- For one student who officially withdrew from the University during the Spring 2013 semester, the University reported an incorrect withdrawal date to NSLDS. The student withdrew on January 16, 2013, but the University reported the date of withdrawal as January 30, 2013. That error was caused by a technical error in the University’s enrollment management system that reported the census date as the date of withdrawal, rather than the actual withdrawal date.
- For four students who unofficially withdrew from the University during the Fall 2012 or Summer 2012 semesters, the University reported incorrect withdrawal dates to the NSLDS. The University reported the last class day of the semester as the withdrawal dates when it should have reported the students’ last recorded dates of attendance. Three of the students received all non-passing grades and did not provide evidence of attendance during the semester. For the remaining student, the University received evidence that the student had attended classes through November 5, 2012.

The errors related to unofficially withdrawn students occurred because the process for determining student enrollment status is inconsistent between the University's Office of Financial Aid and the University's Office of Records and Registration. At the end of each semester, the Office of Financial Aid verifies changes in student enrollment statuses for students who do not complete the semester for eligibility purposes, and all funds for those students are returned. However, the Office of Records and Registration does not update NSLDS based on determinations that the Office of Financial Aid makes.

Not reporting student status changes accurately and completely could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.

General Controls

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

The University did not consistently maintain appropriate access controls over user accounts to ensure proper segregation of duties. Specifically, employees had inappropriate access to awarding and packaging student financial assistance, and one employee maintained access to develop and migrate code after that employee's job duties changed. After auditors brought this matter to the University's attention, the University removed the inappropriate access for one employee who could both develop code and migrate code to the production environment. Additionally, the University did not have policies regarding administrative and special account access. Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems and does not allow for proper segregation of duties.

The University conducts periodic reviews of the database accounts and reviews accounts upon employee changes and/or terminations; however, it does not consistently document those reviews. The University also did not consistently conduct periodic user access reviews on application, server, or network accounts. Additionally, the University did not have policies requiring periodic reviews of user access. Not periodically reviewing user access increases the risk of inappropriate access to critical information systems going undetected.

Recommendations:

The University should:

- Implement a process to ensure that financial aid staff and records and registration staff coordinate on enrollment reporting.
- Accurately report student status changes to NSLDS.
- Limit user access to current employees and ensure that access is appropriate based on job responsibilities.
- Establish and implement a policy for use of administrative and special access accounts.
- Retain documentation of periodic user access reviews and conduct those reviews at least annually.
- Establish a policy for and conduct formal periodic reviews of user access to its key applications, databases, and servers and ensure that user access is appropriate.

Management Response and Corrective Action Plan:

Enrollment Reporting

The University continues to provide annual and ongoing NSLDS enrollment reporting training to staff members. The University's Office of Financial Aid and the University's Office of Records and Registration are in the process of reviewing our Institutional policies and procedures to ensure we are compliant with NSLDS enrollment reporting guidelines.

Implementation Date: May 1, 2014

Responsible Persons: Tanya Vittitow and Shannon Williams

General Controls

The University is in the process of reviewing our policies and procedures to maintain appropriate access controls over user accounts.

Implementation Date: May 1, 2014

Responsible Person: Mike Ten Eyck

University of Texas at Austin

Reference No. 2013-174

Eligibility

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P122336; CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A124173; CFDA 84.033, Federal Work Study Program, P033A124173; CFDA 84.038, Federal Perkins Loan Program – Federal Capital Contributions, Award Number Not Applicable; and CFDA 84.268, Federal Direct Student Loans, P268K132336

Type of finding – Significant Deficiency and Non-Compliance

Cost of Attendance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as a student’s cost of attendance (COA) minus the expected family contribution (EFC) (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087kk). The phrase “cost of attendance” refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

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

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student’s Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student’s financial need (Title 34, Code of Federal Regulations (CFR), Sections 668.2 and 673.5).

An aid administrator may use professional judgment on a case-by-case basis only to adjust a student’s COA or the data used to calculate the student’s EFC. That adjustment is valid only at the institution that makes the adjustment. The reason for the adjustment must be documented in the student’s file, and it must relate to the special circumstances that differentiate the student and not to conditions that exist for a whole class of students (U.S. Department of Education 2012-2013 *Federal Student Aid Handbook*).

The University of Texas at Austin (University) established different COA budgets for students based on class level (undergraduate, graduate, law); degree program; and the number of hours enrolled.

For 5 (8 percent) of 60 students tested, the University inconsistently or incorrectly calculated the students’ COA. Specifically:

- For 1 student, the University based the COA on full-time enrollment when the student was enrolled in 9 hours. The University asserted that occurred due to human error.
- For 2 students, the University assigned the incorrect COA. One student changed his major after the University assigned the COA, but the University did not appropriately adjust his COA to reflect the change. The other student was a double major, and the University assigned his COA using the incorrect degree program according to its policy.
- For 1 student, the University increased one of the COA components based on professional judgment, but it did not document its rationale for applying professional judgment.
- For 1 student, the University assigned the COA based on the incorrect number of enrolled hours.

The University did not make overawards or underawards to the five students discussed above; however, incorrectly or inconsistently calculating COA increases the risk of an underaward or overaward of student financial assistance.

Additionally, for 1 (2 percent) of 60 students tested, the University overawarded the student \$1,961 in need-based assistance associated with award number P268K132336. According to the University, it did not reduce the student's subsidized loan amount when the student received a non-federal award after the University had packaged that student's assistance. After auditors brought the issue to the University's attention, it corrected the amount of need-based aid; therefore, there were no questioned costs.

Federal Direct Student Loans

The Budget Control Act of 2011 eliminated subsidized loan eligibility for graduate and professional students for loan periods and periods of enrollment beginning on or after July 1, 2012 (U.S. Department of Education *2012-2013 Federal Student Aid Handbook*). Therefore, only undergraduate students are eligible to receive Subsidized Direct Loans, and graduate students are eligible only for Unsubsidized Direct Loans or Direct Parent Loan for Undergraduate Student (PLUS) loans.

The University awarded one graduate student a total of \$4,146 in Subsidized Direct Loans associated with award number P268K132336 for the Fall 2012 and Spring 2013 semesters for which the student was not eligible. The University asserted that the student was a continuing student who received his baccalaureate in Spring 2012, but the registrar's office did not update its records to reflect that the student was a graduate student until the Fall 2012. At the time the University packaged and awarded that student's assistance, the Office of Student Financial Services checked the registrar's office's records which still showed the student as an undergraduate. Not properly updating student records to reflect a change in classification could result in the University awarding federal assistance to an ineligible student.

After auditors brought the issue to the University's attention, it corrected the amount of need-based aid; therefore, there were no questioned costs.

Federal Supplemental Educational Opportunity Grant

The Federal Supplemental Educational Opportunity Grant (FSEOG) program provides grants to eligible undergraduate students. Institutions are required to award FSEOG to federal Pell Grant recipients who have the lowest EFC first. If an institution has FSEOG funds remaining after giving FSEOG awards to all Pell Grant recipients, the institution can then award the remaining FSEOG funds to eligible students with the lowest EFCs who did not receive Pell Grants (Title 34, CFR, Section 676.10). The FSEOG annual limit per student is \$4,000.

Based on a review of the full population of federal student financial assistance recipients, the University awarded a total of \$2,111 to 2 FSEOG recipients in excess of the annual limits. Those overawards were associated with award number P007A124173. The University asserted that this was due to human error resulting from a counselor manually increasing the FSEOG amount due to increased student need. That resulted in one student being overawarded \$1,536, and another student being overawarded \$575. After auditors brought the issue to the University's attention, it corrected the amount of need-based aid; therefore, there were no questioned costs.

Recommendations:

The University should:

- Apply current COA budgets correctly and consistently to all students.
- Appropriately adjust student awards when students receive late awards to help ensure that need-based aid does not exceed a student's need.
- Update student records in a timely manner to reflect changes in students' classifications.
- Document reasons for using professional judgment when making adjustments to a student's COA budget.
- Provide loan recipients the correct awards based on their eligibility.
- Award students the correct FSEOG amount according to FSEOG annual limits.

Management Response and Corrective Action Plan:

Cost of Attendance & Federal Direct Student Loans

The University concurs with the finding.

OSFS reviewed the COA for the files that were incorrectly calculated: enrollment, major change/double major, professional judgment, and classification (Undergraduate or Graduate). In most cases, the University did not make over-awards or under-awards to the students whose COA was calculated incorrectly/inconsistently.

OSFS has already implemented a program to monitor a student's major, hours enrolled, and classification. (The control was implemented September 12, 2013 for the 2013-14 year.) The program runs after the census date as part of the COA recalculation process. It checks a student's file for the actual hours enrolled, the tuition paid by the student, the major, and the classification. The student's file is updated to reflect the most current information as of the census date. In addition, the program reviews the student's file for aid eligibility – need-based versus non-need-based aid and undergraduate versus graduate. If the file is incorrectly awarded, the system flags the file for counselors to review and revise accordingly.

OSFS management addressed the issue of documenting professional judgment decisions correctly, specifically for budget adjustments, during training of the COA recalculation process in mid-September 2013 for all the counseling staff.

Implementation Date: September 2013

Responsible Person: Gloria De Leon

Federal Supplemental Educational Opportunity Grant (FSEOG)

The University concurs with the finding.

OSFS reviewed the files with the incorrect FSEOG amounts and found the errors were made by a counselor rather than the automated financial aid processing system.

OSFS management has already begun review of the modifications needed to be made to the financial aid processing system to eliminate the ability to manually award FSEOG incorrectly. The intended course of action is to implement automatic audits to the awarding page. These audits will alert staff of the correct minimum and maximum Federal annual FSEOG limits and will prevent them from incorrectly awarding FSEOG.

Implementation Date: July 2014

Responsible Person: Gloria De Leon

Reference No. 2013-175

Special Tests and Provisions – Verification

(Prior Audit Issue 13-158)

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P122336; CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A124173; and CFDA 84.268, Federal Direct Student Loans, P268K132336

Type of finding – Non-Compliance

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income (AGI), U.S. income taxes paid, child support paid, food stamps, education credits, individual retirement account deductions, and other untaxed income (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56, and *Federal Register*, Volume 76, Number 134). When the verification of an applicant’s eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the student’s FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant’s financial aid package on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR). For the federal Pell Grant Program, if an applicant’s FAFSA information changes as a result of verification, an institution must recalculate the applicant’s federal Pell Grant on the basis of the EFC on the corrected ISIR and disburse any additional funds under that award (Title 34, CFR, Section 668.59).

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

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 a quality improvement approach to their administration of the financial student assistance programs. The QAP provides participating institutions the ability to design a verification program that fits their population (2012-2013 *Application and Verification Guide*, page AVG-84). As a part of quality improvement for the verification process, the University’s policy requires verifying key elements identified by the Department of Education along with net assets, tax forms and wages.

For 3 (8 percent) of 40 students tested, the University did not accurately verify all required items on the FAFSA; therefore, it did not subsequently update its records and request an updated ISIR as required. Specifically:

- For one student, the University did not accurately verify the number of household members in postsecondary educational institutions. As a result the University did not request an updated ISIR for the student at the time of verification. That resulted in a Pell underaward of \$1,600 associated with award P063P122336.
- For two students, the University did not accurately verify tax deferred pensions. In both cases, the University did not report tax deferred pensions that the students reported on the verification forms. Those errors resulted in a Pell overaward of \$300 associated with award P063P122336.

According to University personnel, those errors were due to manual errors made during the verification process.

After auditors brought the errors to the University’s attention, the University provided evidence that it submitted corrections to the U.S. Department of Education and adjusted the awards to eliminate the underaward and overaward; therefore, there are no questioned costs associated with the errors. However, not properly verifying FAFSA information could result in the University overawarding or underawarding student federal financial assistance.

Recommendation:

The University should accurately verify all required FAFSA information for applicants selected for verification and request updated ISIRs when required.

Management Response and Corrective Action Plan:

The University concurs with the finding.

The Office of Student Financial Services (OSFS) reviewed the files that were incorrectly verified and found that the errors made were the result of human errors during the verification process. The errors were made to different items and not just in one category. At the time, we did not request an updated ISIR.

In an effort to reduce the errors, OSFS has written clearer language in the office verification guidelines given staff to assist in reviewing files accurately; and we will request updated ISIRs as required. Additionally, we have reviewed options to implement a secondary auditing system within the office to determine what provides successful results. A more comprehensive overview of forms has been conducted and corrections have been made to make for clearer communication between the Office of Student Financial Services and students along with their families.

For the 2012-2013, OSFS participated in a pilot program with a vendor to process verification files. We conducted a 100% re-verification of those files and found no errors. Based on the success of the pilot program, we are now outsourcing all Federal verification. OSFS re-verifies a sample of these files for quality control purposes.

A recent reorganization of the Office of Student Financial Services has assigned verification to individuals with specific specialization in the process. With the advanced training and applied knowledge to the Federal, State, and institutional policies for verification, we will be more adept. This will enable our office to catch any inconsistencies that arise from various sources.

OSFS envisions that these efforts will lead to accurately reviewed files which will therefore reduce the risk of over-awarded and under-awarded students.

Implementation Date: September 2013

Responsible Person: Gloria De Leon

Reference No. 2013-176

Equipment and Real Property Management

(Prior Audit Issues 13-161 and 12-170)

Research and Development Cluster

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

A recipient’s equipment records for equipment acquired with federal funds and federally owned equipment shall be maintained accurately and include all of the following: a description of the equipment; manufacturer’s serial number, model number, federal stock number, national stock number, or other identification number; the source of the equipment, including the award number; whether title vests in the recipient or the federal government; acquisition date and cost; the percentage of federal participation in the cost of the equipment; location and condition of the equipment; unit acquisition cost; and ultimate disposition data for the equipment.

Questioned Cost:	\$0
Los Alamos National Laboratory National Science Foundation U.S. Department of Energy U.S. Department of Defense	

A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment (Title 2, Code of Federal Regulations, Section 215.34 (f)).

The University of Texas at Austin’s (University) *Handbook of Business Procedures* requires that an inventory tag with a bar code be affixed to new equipment items that are capitalized (items with a unit cost of \$5,000 or more) or controlled (certain items with a unit cost of \$500 to \$4,999.99).

The University did not always maintain adequate property records for or adequately safeguard its equipment items. For 8 (13 percent) of 63 equipment items tested, the University’s property records were inaccurate or the University did not adequately safeguard the equipment by affixing inventory tags to the items in accordance with its policy. Specifically:

- For two items, the University’s property records did not accurately reflect the items’ current locations. The property records for one of those items also did not accurately reflect the transfer of that item to another higher education institution.
- For two items, the University’s property records did not contain a condition code. For two items, the University’s property records did not contain the correct inventory tag numbers. The property records for one of those items also did not accurately reflect the item’s current location.
- For two items, the University had not affixed an inventory tag or had not affixed a permanent inventory tag.

In addition, 1 (2 percent) of the 63 equipment items auditors attempted to test was a supercomputer that the University had recorded in its property records with a single inventory tag number and descriptions of multiple components of that supercomputer. When auditors observed that supercomputer, it did not have an inventory tag affixed to it and some of the components of that supercomputer were missing. The University asserted that it had transferred the missing components, but it did not complete the required transfer paperwork. The University also asserted that the inventory tag for that supercomputer had been affixed to one of the components that it had transferred.

The errors above occurred as a result of weaknesses in the University’s inventory and record-keeping processes. Not properly maintaining property records and tagging equipment items increases the risk that assets may be lost or stolen.

The issues above affected the following awards:

CFDA No.	CFDA Title	Award Number	Award Year
12.000	Department of Defense	F49620-93-I-0307	May 1, 1993 to May 31, 1998
47.041	Engineering Grants	ECCS-0925217	June 3, 2009 to August 31, 2013
47.041	Engineering Grants	CMMI - 1031106	September 1, 2010 to August 31, 2013
47.078	Polar Programs	OPP-9319379	July 1, 1994 to January 31, 2001
47.080	Office of Cyberinfrastructure	OCI-0622780	October 1, 2006 to September 30, 2013
81.000	Los Alamos National Lab	79506-001-10	July 9, 2010 to September 30, 2014
81.049	Office of Science Financial Assistance Program	DE-FG05-88ER53267	January 1, 1988 to April 30, 1994
81.049	Office of Science Financial Assistance Program	DE - FG05-91ER12119	April 1, 1991 to May 31, 1995
81.089	Fossil Energy Research and Development	DE-FE0005917, Mod. 001	October 1, 2010 to December 31, 2013

Recommendations:

The University should:

- Strengthen controls to ensure that it maintains accurate and complete property records.
- Strengthen controls to ensure that it tags all capitalized and controlled equipment items and completes all required equipment transfer documentation.
- Develop and implement controls to adequately safeguard equipment from loss, damage, or theft.

Management Response and Corrective Action Plan:

The University concurs with the results. Management is committed to improving controls over property record administration at the institutional and departmental levels. This commitment is demonstrated through on-going efforts such as departmental spot reviews, on-going training, and year-around communication. These findings will be shared with the appropriate institutional personnel and Inventory Services will lead a combined institutional and departmental effort to investigate, identify, and implement process improvements to the overall controls over property management.

Implementation Date: August 2014

Responsible Person: Janie Kohl

Reference No. 2013-177

Procurement and Suspension and Debarment

Research and Development Cluster

Research and Development Cluster – ARRA

Award years – July 25, 2012 to July 24, 2016; September 1, 2009 to August 31, 2014; May 1, 2010 to April 30, 2015; July 21, 2011 to July 20, 2014; June 15, 2012 to September 14, 2013; September 30, 2009 to August 31, 2012; August 1, 2009 to July 31, 2014; April 15, 2012 to March 31, 2014; October 1, 2012 to December 31, 2013; July 21, 2011 to July 20, 2014; and September 5, 2012 to March 4, 2014

Award numbers – CFDA 43.001, Science, NNX12AL65G; CFDA 12.431, Basic Scientific Research, W911NF-09-1-0434; CFDA 12.800, Air Force Defense Research Sciences Program, FA9550-10-1-0182; CFDA 12.300, Basic and Applied Scientific Research, N00024-07-D-6200 and N00012-12-1-1058; CFDA 93.701, Trans-NIH Recovery Act Research Support, 1 P30 MH089900-02; CFDA 47.049, Mathematical and Physical Sciences, DMR-0423914 pass-through from Case Western Reserve University; CFDA 47.050, Geosciences, EAR-1053446; and CFDA 43.009, Cross Agency Support, NNX12AQ99G

Type of finding – Significant Deficiency and Non-Compliance

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity and its principals are not suspended, debarred, or otherwise excluded from federal contracts. Covered transactions include procurement contracts for goods and services that are expected to equal \$25,000 or more and all nonprocurement transactions (that is, subawards to subrecipients) irrespective of award amount (Title 2, Code of Federal Regulations, Sections 180.210 through 180.220 and 180.970).

Questioned Cost:	\$0
National Aeronautics and Space Administration	
U.S. Department of Defense	
U.S. Department of Health and Human Services	
National Science Foundation	

The University of Texas at Austin (University) did not always verify that its vendors’ principals were not suspended or debarred or otherwise excluded from participating in federal contracts. Specifically, for 10 (67 percent) of 15 covered transactions tested, the University did not verify whether any of the vendor’s principals were suspended or debarred. The University had a process to verify whether the vendors themselves were suspended or debarred from federal contracts, but it did not have a consistent process to verify whether the vendors’ principals were suspended or debarred. Not verifying that its vendors’ principals are not suspended or debarred from federal contracts increases the risk that the University could enter into procurements with ineligible vendors.

Recommendation:

The University should revise its procurement processes to include verifying the suspension and debarment status of its vendors' principals when required.

Management Response and Corrective Action Plan:

The University will update the Handbook of Business Procedures (HBP) to reflect new requirements for debarment checks for vendors' principals.

Implementation Date: April 2014

Responsible Person: Jennifer Deleon

University of Texas at El Paso

Reference No. 2013-178

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

Research and Development Cluster

Research and Development Cluster – ARRA

Award years – See below

Award numbers – See below

Type of finding – Material Weakness and Material Non-Compliance

Payroll Distributions

The distribution of salaries and wages, whether treated as direct or facilities and administrative costs, will be based on payrolls documented in accordance with the generally accepted practices of colleges and universities. 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 (Title 2, Code of Federal Regulations (CFR) Section 220, Appendix A (J)(10)(b)). For professorial and professional staff, the reports will be prepared each academic term, but no less frequently than every six months. For other employees, unless alternate arrangements are agreed to, reports will be prepared no less frequently than monthly and coincide with one or more pay periods (Title 2, CFR, Section 220, Appendix A (J)(10)(c)).

Questioned Cost:	\$30,669
Environmental Protection Agency	
National Aeronautics and Space Administration	
National Science Foundation	
U.S. Department of Commerce	
U.S. Department of Defense	
U.S. Department of Education	
U.S. Department of Health and Human Services	
U.S. Agency for International Development	

The University of Texas at El Paso (University) requires timesheets for hourly employees and effort certifications for salaried employees. The University completes effort certifications twice each year for the periods of September 1 through February 28 and March 1 through August 31. The University’s process is to begin the certification process 45 days after the certification period ends.

The University was unable to provide documentation to support its payroll distribution for 30 (48 percent) of 62 payroll transactions tested. Specifically:

- The University did not require salaried students to complete effort certifications. As a result, auditors could not verify whether the salaried students associated with 18 (29 percent) of 62 payroll transactions committed effort to the awards from which they were paid. The payroll transactions tested for those 18 salaried students totaled \$22,467. Payroll transactions for other salaried students also were potentially affected by that issue.
- The University was not able to provide adequate documentation to support employees’ payroll distributions for 12 (19 percent) of 62 payroll transactions tested. Effort certifications, timesheets, payroll documents, and appointment information the University provided for employees associated with those 12 transactions did not support the payroll distributions for those transactions. As a result, auditors were unable to verify whether those 12 payroll transactions, which totaled \$10,297, represented actual payroll costs. The University subsequently provided effort certifications for an employee associated with one of those 12 transactions; therefore, there were no questioned costs associated with that \$2,095 transaction. However, the certification for that transaction was not completed in a timely manner. The University did not begin the certification process for the period covering that transaction (March 1, 2013, through August 31, 2013) until November 15, 2013, which was 76 days after the certification period ended.

Indirect Costs

Indirect costs are incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. Indirect costs shall be distributed to applicable sponsored agreements 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. 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 (Title 2, CFR, Part 220, Appendix A, G.2).

For 1 (2 percent) of 60 indirect cost charges tested, the University charged an incorrect indirect cost rate. The University set up a federal award incorrectly in its financial system. As a result, it overcharged \$3,916 in indirect costs to that award. The University corrected that error and transferred the indirect charges to an institutional account; therefore, there were no questioned costs.

General Controls

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

The University did not maintain adequate user access controls over its Effort Certification & Reporting Technology (ECRT) application. Specifically, the University had a generic ECRT user account with high-level system administrator access that was no longer necessary. The University removed access for that account during the audit. The existence of unnecessary generic accounts with high-level system administrator access increases the risk of inappropriate and unauthorized changes to applications.

In addition, the University did not maintain evidence that it conducted formal, periodic reviews of access to ECRT to determine the appropriateness of users' access based on their job responsibilities. That increases the risk of inappropriate access.

The following awards were affected by the issue discussed above involving the University's inability to provide documentation to support payroll distributions:

CFDA No.	CFDA Title	Award Number	Award Year	Questioned Cost
11.611	Manufacturing Extension Partnership	26-2403-18-62, pass-through from the University of Texas at Arlington	September 1, 2012 to August 31, 2013	\$ 0
12.431	Basic Scientific Research	W911NF-07-2-0027, pass through from Stanford University	April 1, 2013 to December 31, 2013	1,530
12.630	Basic, Applied, and Advanced Research in Science and Engineering	W911NF-11-1-0129	April 11, 2011 to April 10, 2014	837
12.800	Air Force Defense Research Sciences Program	FA9550-12-1-0475, pass-through from Iowa State University	September 30, 2012 to September 29, 2013	2,000
12.800	Air Force Defense Research Sciences Program	FA9550-12-1-0457	September 30, 2012 to November 29, 2015	443
43.002	Aeronautics	NNX09AV09A	October 1, 2009 to September 30, 2014	2,106
47.041	Engineering Grants	HRD-0734825	August 1, 2010 to August 31, 2013	5
47.049	Mathematical and Physical Sciences	0518-G-KB563, pass-through from the University of California Los Angeles	September 1, 2010 to August 31, 2014	1,222
47.049	Mathematical and Physical Sciences	DMR-1205302	June 1, 2012 to May 31, 2017	693

UNIVERSITY OF TEXAS AT EL PASO

CFDA No.	CFDA Title	Award Number	Award Year	Questioned Cost
47.049	Mathematical and Physical Sciences	CHE-1110967	July 1, 2011 to June 30, 2014	363
47.050	Geosciences	EAR-0847499	March 1, 2009 to May 31, 2014	1,575
47.050	Geosciences	EAR-1009695-003	May 1, 2011 to April 30, 2015	1,593
47.050	Geosciences	EAR-1113703	September 1, 2011 to August 31, 2014	1,866
47.070	Computer and Information Science and Engineering	IIS-0829683	April 17, 2009 to August 31, 2014	1,297
47.076	Education and Human Resources	HRD-0734825	September 1, 2007 to August 31, 2013	4,570
47.076	Education and Human Resources	HRD-1242122	September 1, 2012 to August 31, 2017	1,917
47.082	Trans-NSF Recovery Act Research Support	ARC-0909502	September 1, 2009 to August 31, 2013	107
66.000	Environmental Protection Agency	Contract 582-13-30518, pass-through from Texas Commission on Environmental Quality	September 1, 2012 to August 31, 2013	388
66.202	Congressionally Mandated Projects	EM-83486101-01	September 1, 2010 to May 31, 2013	1,825
84.367	Improving Teacher Quality State Grants	S367B110038, pass-through from Texas Higher Education Coordinating Board	February 1, 2012 to April 30, 2014	16
93.307	Minority Health and Health Disparities Research	5P20MD002287-05	July 1, 2011 to June 30, 2014	1,200
93.837	Cardiovascular Diseases Research	1SC2HL107235-01	August 1, 2010 to December 31, 2013	125
93.855	Allergy, Immunology and Transplantation Research	5R01AI095667-02	July 1, 2011 to June 30, 2014	1,833
93.859	Biomedical Research and Research Training	2R25GM069621-09	April 1, 2012 to March 31, 2014	1,833
93.859	Biomedical Research and Research Training	5R25GM049011-13	September 1, 2009 to June 30, 2014	4
98.001	USAID Foreign Assistance for Programs Overseas	AID-497-A-12-00008	March 18, 2012 to March 31, 2015	1,321
			Total	<u><u>\$ 30,669</u></u>

UNIVERSITY OF TEXAS AT EL PASO

The following award was affected by the issue discussed above in which the University incorrectly charged indirect costs:

<u>CFDA No.</u>	<u>CFDA Title</u>	<u>Award Number</u>	<u>Award Year</u>
47.076	Education and Human Resources	DUE-0926721	September 1, 2009 to August 31, 2013

Recommendations:

The University should:

- Require all employees to complete after-the-fact effort confirmations or determinations.
- Ensure that employees' after-the-fact effort confirmations or determinations accurately reflect employee effort and payroll costs that it charges to federal grants.
- Strengthen controls to ensure that each indirect cost rate and base it enters in its financial system is accurate.
- Ensure that all ECRT accounts are necessary and authorized.
- Document its periodic user access reviews and related corrective actions, including the removal of unused user accounts.

Management Response and Corrective Action Plan:

- *The requirement was put into place November 13, 2013 that all employees complete after the fact confirmation or determination for the past period of March 1, 2013 through August 31, 2013 and for all future periods.*
- *New review and validation processes were put into place June 2013 including, adding additional staff to support the process, contacting other system schools for information, communicating with a 3rd party system provider to improve review and validation processes, and initiating the upgrade of ECRT from version 2.3.3. to 4.5 which should eliminate many of the system problems. The anticipated implementation of the upgrade is September 1, 2014.*
- *UTEP is one of the UT System schools converting from its current financial system (Define) to PeopleSoft. Define does not have the flexibility to utilize all the different indirect cost basis and rates imposed by the various federal agencies. However, with PeopleSoft (go live date May 1, 2014) it is anticipated that many of the limitations that are currently part of a manual process will be automated, therefore, mitigating risks of applying incorrect indirect cost basis and rates.*
- *Processes for review and update of ECRT access and roles were initiated September 20, 2013. The review processes will continue on a quarterly basis to coincide with the UTEP's quarterly effort certification compliance reporting.*
- *Processes for periodic review and update of ECRT access and roles will be documented and include removal of unused user accesses.*

Implementation Date: September 2014

Responsible Person: Manuela D. Dokie

Reference No. 2013-179

Cash Management

Research and Development Cluster

Award years – August 23, 2010 to November 22, 2012 and December 5, 2011 to October 31, 2013

Award numbers – CFDA 12.351, Basic Scientific Research – Combating Weapons of Mass Destruction, HDTRA1-10-1-0096 and CFDA 43.001, Science, NNX09AV17A pass-through from United Negro College Fund Special Programs Corporation

Type of finding – Significant Deficiency and Non-Compliance

Recipients shall maintain advances of federal funds in interest-bearing accounts unless: (1) The recipient receives less than \$120,000 in federal awards per year, (2) the best reasonably available interest-bearing account would not be expected to earn interest in excess of \$250 per year on federal cash balances, or (3) the depository would require an average or minimum balance so high that it would not be feasible within the expected federal and non-federal cash resources (Title 2, Code of Federal Regulations (CFR), Section 215.22 (k)). For those entities for which the Cash Management Improvement Act (CMIA) and its implementing regulations do not apply, interest earned on federal advances deposited in interest-bearing accounts shall be remitted annually to the U.S. Department of Health and Human Services. Interest amounts up to \$250 per year may be retained by the recipient for administrative expense. State universities and hospitals shall comply with CMIA, as it pertains to interest (Title 2, CFR, Section 215.22(l)). In addition, Title 31, CFR, Section 205, which implements the CMIA, requires state interest liability to accrue if federal funds are received by a state prior to the day the state pays out the funds for federal assistance program purposes. State interest liability accrues from the day federal funds are credited to a state account to the day the state pays out the federal funds for federal assistance program purposes (Title 31, CFR, Section 205.15).

Questioned Cost:	\$0
U.S. Department of Defense National Aeronautics and Space Administration	

The University of Texas at El Paso (University) did not maintain advances of federal funds in interest-bearing accounts. The University has not established a process to maintain advances of federal funds in interest-bearing accounts. The University identified 41 awards that potentially received advances of federal funds according to its records. Auditors reviewed 11 of those awards and determined that 2 of them required advances of funds to be maintained in interest-bearing accounts. The University received federal funds in advance of expenditures for both of those awards, but it did not maintain the funds in interest-bearing accounts. If the University does not maintain advances in interest-bearing accounts, it cannot earn or remit to the federal government interest exceeding \$250 per year on funds it received in advance of expenditures. Other federal awards also were potentially affected by this issue.

Recommendation:

The University should:

- Maintain advances of federal funds in interest-bearing accounts.
- Develop and implement procedures to calculate and remit interest payments to the federal government when federal funds are credited to its accounts before it uses those funds.

Management Response and Corrective Action Plan:

- *UTEP will ensure that all federal advance funds are maintained in an interest bearing account unless in accordance with 2 CFR, Section 215.22 (k.2) “the best reasonable available interest bearing account would not be expected to earn interest in excess of \$250 per year on federal cash balance”.*
- *UTEP will develop and implement procedures to comply with CMIA 31 CFR 205.15 and 2 CFR Section 215.22, where the process will be applied for the next required reimbursement date of 09/30/2014.*

Implementation Date: September 2014

Responsible Person: Manuela D. Dokie

Reference No. 2013-180

Period of Availability of Federal Funds

Research and Development Cluster

Award years – August 23, 2010 to November 22, 2012; December 1, 2008 to November 30, 2012; and September 15, 2007 to August 31, 2012

Award numbers – CFDA 12.351, Basic Scientific Research-Combatting Weapons of Mass Destruction, HDTRA1-10-1-0096; CFDA 47.070, Computer and Information Science and Engineering, CNS-0837556; and CFDA 47.078, Polar Programs, ARC-0732885

Type of finding – Significant Deficiency and Non-Compliance

When a funding period is specified, a recipient may charge to the grant only allowable costs resulting from obligations incurred during the funding period and any preaward costs authorized by the federal awarding agency (Title 2, Code of Federal Regulations (CFR), Section 215.28). Unless the federal awarding agency authorizes an extension, a recipient shall liquidate all obligations incurred under the award not later than 90 calendar days after the funding period or the date of completion as specified in the terms and conditions of the award or in agency implementing instructions (Title 2, CFR, Section 215.71).

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

The University of Texas at El Paso (University) did not always liquidate its obligations within the required time frame. For 9 (75 percent) of the 12 transactions tested that the University recorded after the end of the award period of availability, the University did not liquidate the obligations within 90 days after the end of the funding period or request an extension from the sponsor. The University liquidated the obligations associated with those 9 transactions, which totaled \$52,995, between 95 and 257 days after the end of the funding period. The University does not have a sufficient process to follow up on outstanding invoices or to request an award close-out extension from the sponsor to ensure that it liquidates funds within required time frames. Without that process, the University could spend federal funds improperly, which could affect its ability to obtain future research and development funding.

Recommendation:

The University should liquidate its obligations within the required time frames or request extensions from its sponsors.

Management Response and Corrective Action Plan:

The University will liquidate its obligations within the required timeframe and document approvals from funding agencies if liquidation of such obligations is outside the 90-day window.

Implementation Date: September 2014

Responsible Person: Manuela D. Dokie

Reference No. 2013-181

Reporting

Research and Development Cluster

Award years – April 2, 2012 to April 1, 2016; March 1, 2013 to February 29, 2016; August 15, 2012 to July 31, 2017; June 1, 2012 to May 31, 2017; and March 18, 2012 to March 31, 2015

Award numbers – CFDA 17.268, H-1B Job Training Grant, HG-22730-12-60-A-4; CFDA 12.800, Air Force Defense Research Sciences Program, FA9550-13-1-00081; CFDA 47.076, Education and Human Resources, HRD-1202008; CFDA 47.076, Education and Human Resources, DMR-1205302; and CFDA 98.001, USAID Foreign Assistance for Programs Overseas, AID-497-A-12-00008

Type of finding – Significant Deficiency and Non-Compliance

Financial Reporting

Recipients are responsible for managing, monitoring, and reporting performance for each project, program, subaward, function, or activity supported by the award (Title 2, Code of Federal Regulations (CFR), Sections 215.51 and 215.52). The U.S. Department of Labor requires recipients to submit the Financial Status Report ETA-9130 to report financial activity. The Department of Labor provides specific instructions for completing the ETA-9130, including definitions and requirements of key reporting elements.

Questioned Cost:	\$0
U.S. Department of Labor U.S. Department of Defense National Science Foundation Agency for International Development	

The University of Texas at El Paso (University) did not ensure that 1 (2 percent) of 60 financial reports was accurate and complete. Specifically, for CFDA 17.268 award HG-22730-12-60-A-4, the University:

- Reported federal expenses for the award on the cash basis instead of the accrual basis. As a result, the University understated the federal share of expenditures on the report by \$16,227.
- Did not report \$35,747 in indirect costs in total administrative expenditures.
- Did not report the total recipient share required for the full period of the award. The University reported only the \$891,661 recipient share required for two years of the four-year grant. The total recipient share required for the award was \$1,995,940, resulting in a \$1,104,079 understatement of the total recipient share required.

Because the reporting elements discussed above are used to calculate other elements in the report, the University also incorrectly reported the total federal obligations, unobligated balance of federal funds, and remaining recipient share to be provided. The University did not identify those errors due to a manual error in its financial report review process. Inaccurate and incomplete information in financial reports increases the risk that federal agencies could rely on inaccurate information to manage and monitor awards.

Federal Funding Accountability and Transparency Act Reporting

The Federal Funding Accountability and Transparency Act (Transparency Act) requires prime recipients of federal awards made on or after October 1, 2010, to capture and report subaward and executive compensation data regarding their first-tier subawards that exceed \$25,000. The prime recipient is required to report subaward information through the Federal Funding Accountability and Transparency Subaward Reporting System by the end of the month following the month in which the subaward was signed (Title 2, CFR, Chapter 170).

The University did not always ensure that Transparency Act reports were supported by applicable accounting or performance records, or that they were submitted in a timely manner. Specifically:

- For 6 (67 percent) of 9 reports tested, the University did not report some of the data elements included in the reports accurately. For five of those reports, the University did not report the obligation date accurately. For two of those five reports, the errors occurred because the University reported the dates that the University signed the subawards, rather than the dates on which the University and the subrecipient both signed the subawards. For three of those five reports, those errors occurred because the University reported the beginning date of the subawards, rather than the dates the subaward agreements were signed. As a result, the University reported obligation dates for those five subawards ranging from 14 to 81 days before both parties signed the

subawards. For one of those reports, the University overstated the subaward amount by \$440,730. The amount of the subaward was \$48,968; however, the University reported \$489,698 due to a manual error.

- For 7 (78 percent) of 9 reports tested, the University submitted the reports between 1 and 10 months late because it fell behind in submitting subaward information for Transparency Act reporting.

Not reporting subawards within the required time frames decreases the reliability and availability of information to the awarding agency and other users of that information.

Recommendations:

The University should:

- Submit financial reports that are accurate and complete.
- Submit Transparency Act reports that are accurate and supported by applicable accounting or performance records, and submit those reports in a timely manner.

Management Response and Corrective Action Plan:

- *UTEP will endeavor to submit accurate and complete financial reports. With implementation of PeopleSoft, a functionality within the system will be activated which allows for email reminders to be sent to individuals responsible for preparing and submitting financial reports.*
- *UTEP developed processes and dedicated support staff to sustain FFATA reporting as of June 2013. Effort is continuing to improve on the timeliness of FFATA reporting and elimination of manual input to mitigate risks of error.*

Implementation Date: September 2014

Responsible Person: Manuela D. Dokie

University of Texas Health Science Center at San Antonio

Reference No. 2013-182

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

Research and Development Cluster

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

Indirect costs are incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. Indirect costs shall be distributed to applicable sponsored agreements 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. 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 (Title 2, Code of Federal Regulations, Part 220, Appendix A, G.2).

Questioned Cost:	\$0
National Aeronautics and Space Administration	
National Science Foundation	
U.S. Department of Defense	
U.S. Department of Health and Human Services	

For 1 (2 percent) of 60 indirect cost transactions tested, the University of Texas Health Science Center at San Antonio (Health Science Center) charged an incorrect indirect cost rate. The Health Science Center set up a federal award incorrectly in its financial system. As a result, it overcharged \$251 in indirect costs to that award. The Health Science Center corrected the error and transferred the indirect charges to an institutional account; therefore, there were no questioned costs.

Additionally, the Health Science Center incorrectly included capital equipment and other capital expenditures in the modified total direct cost base it used to calculate indirect cost charges. During fiscal year 2013, the modified total direct cost table in the Health Science Center’s financial system did not exclude the object codes for capital equipment and other capital expenditures from the indirect cost calculations. As a result, the Health Science Center incorrectly charged \$197,890 in indirect costs to 34 federal awards. The Health Science Center subsequently revised its indirect cost table and removed the incorrect charges from all awards affected; therefore, there were no questioned costs.

The issues discussed above affected the following awards:

CFDA No.	CFDA Title	Award Number	Award Year
12.420	Military Medical Research and Development	W81XWH-08-2-0110	September 1, 2008 to August 31, 2015
43.003	Exploration	NNX12AC32G	April 1, 2012 to March 31, 2015
47.074	Biological Sciences	IOS-1147467	August 15, 2011 to October 31, 2013
93.113	Environmental Health	1 R01 ES022057-01	August 23, 2012 to April 30, 2017
93.213	Research and Training in Complementary and Alternative Medicine	5 K99 AT006704-02	August 1, 2011 to April 30, 2013
93.213	Research and Training in Complementary and Alternative Medicine	1 R01 AT006885-01A1	January 1, 2013 to December 31, 2017

UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT SAN ANTONIO

CFDA No.	CFDA Title	Award Number	Award Year
93.242	Mental Health Research Grants	2 R01 MH076929-06A1	September 12, 2012 to July 31, 2017
93.242	Mental Health Research Grants	5 R01 MH090067-03	July 1, 2010 to June 30, 2015
93.279	Drug Abuse and Addiction Research Programs	5 R01 DA005018-24	February 1, 2010 to January 31, 2015
93.279	Drug Abuse and Addiction Research Programs	1 R01 DA032701-01A1	March 1, 2013 to November 30, 2017
93.389	National Center for Research Resources	8R24OD010933-03	March 1, 2010 to February 28, 2014
93.389	National Center for Research Resources	8 KL2 TR000118-05	May 19, 2008 to April 30, 2014
93.394	Cancer Detection and Diagnosis Research	ISG 5 U01 CA86402-13	July 1, 2010 to June 30, 2015
93.395	Cancer Treatment Research	7 R01 CA069065-15	October 1, 2011 to May 31, 2014
93.397	Cancer Centers Support Grants	7U54 CA113001-08	March 1, 2012 to February 28, 2015
93.397	Cancer Centers Support Grants	1 P20 CA165589-01A1	September 14, 2012 to August 31, 2016
93.837	Cardiovascular Diseases Research	5 R01 HL102310-03	July 1, 2010 to June 30, 2014
93.837	Cardiovascular Diseases Research	5 R01 HL085742-04	March 18, 2008 to February 28, 2014
93.837	Cardiovascular Diseases Research	1 R01 HL115858-01	July 16, 2012 to April 30, 2016
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	2 R56 DK069930-06	September 1, 2012 to June 30, 2013
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	5 R01 DK079195-04	August 15, 2008 to February 28, 2014
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	1 R01 DK096119-01	July 1, 2012 to June 30, 2016
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	5 R01 DK087460-03	June 1, 2010 to May 31, 2014
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	5 R01 DK079996-03	July 1, 2010 to June 30, 2015

UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT SAN ANTONIO

CFDA No.	CFDA Title	Award Number	Award Year
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	5 R01 NS050627-05	April 14, 2006 to March 31, 2013
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	5 R01 NS043394-11	June 1, 2011 to May 31, 2015
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	7 R01 NS050356-07	August 1, 2012 to November 30, 2016
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	5 R01 NS062811-03	February 1, 2010 to January 31, 2015
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	1 R01 NS082746-01A1	June 1, 2013 to April 30, 2018
93.855	Allergy, Immunology and Transplantation Research	5 R01 AI083387-03	June 1, 2010 to May 31, 2015
93.855	Allergy, Immunology and Transplantation Research	5 R01 AI078972-04	January 23, 2009 to December 31, 2013
93.855	Allergy, Immunology and Transplantation Research	ISG 5 U19 AI070412-07	August 1, 2011 to July 31, 2016
93.859	Biomedical Research and Research Training	5 R01 GM047291-20	February 1, 2009 to July 31, 2013
93.866	Aging Research	ISG 5 P30 AG013319-18	September 1, 2011 to June 30, 2015
93.866	Aging Research	5 P30AG013319-18	September 1, 2011 to June 30, 2015

Recommendations:

The Health Science Center should:

- Use the approved rate to calculate indirect costs.
- Exclude capital equipment and other capital expenditures from modified total direct costs when it calculates indirect costs.

Management Response and Corrective Action Plan:

We concur with the recommendations and, as noted, have already put into place the appropriate changes to ensure that neither of these issues recurs. With respect to the use of the incorrect F&A rate, this was simply human error.

We do have a review process in place that should prohibit the error to happen again. With respect to F&A on capital equipment, we have reconfigured our PeopleSoft enterprise controls to explicitly delete these expenses for the F&A charged to a project.

Implementation Date: January 2014

Responsible Person: Chris Green

Reference No. 2013-183

Equipment and Real Property Management

Research and Development Cluster

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

A recipient’s equipment records for equipment acquired with federal funds and federally owned equipment should be maintained accurately and include all of the following: a description of the equipment; manufacturer’s serial number or other identification number; the source of the equipment, including the award number, whether title vests in the recipient or in the federal government; acquisition date and cost; the percentage of federal participation in the cost of the equipment; location and condition of the equipment; unit acquisition cost; and ultimate disposition data for the equipment.

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

A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment (Title 2, Code of Federal Regulations, Section 215.34(f)).

The University of Texas Health Science Center at San Antonio’s (Health Science Center) *Handbook of Operating Procedures* (Handbook) states that all new equipment costing \$5,000 or more and items defined by the Texas Comptroller of Public Accounts as “controlled” items and costing \$500 or more will be tagged with an inventory number and placed on the official property records. The Handbook also states that the Health Science Center will take a physical inventory of its assets annually. During the annual inventory, the Health Science Center provides all departments with a list of property to compare to the physical inventory, and the departments are required to report any exceptions to the Health Science Center’s Property Control Department.

The Health Science Center did not maintain accurate and complete property records for 11 (17 percent) of 65 equipment items tested. Specifically:

- For four items, the Health Science Center did not correctly record the serial numbers in its property records.
- For two items, the Health Science Center did not correctly record the current location in its property records. The department responsible for one of those items moved the item in May 2013, but it did not notify the Property Control Department of the location change. The Health Science Center was initially unable to locate the other item because the item’s actual location differed from the location listed in the property records; however, it subsequently located that item.
- For two items, the Health Science Center did not record accurate descriptions of the items in its property records.
- For one item, the inventory tag number affixed to the item did not match the tag number assigned to that item in the Health Science Center’s property records.
- For one item, the Health Science Center did not record a serial number in its property records. In addition, the Health Science Center did not correctly record the item’s location in its property records. The department

responsible for that item moved the item in May 2013, but it did not notify the Property Control Department of the location change.

- For one item, the Health Science Center did not correctly record the serial number, and it did not record an accurate description of the item in its property records.

In addition, the Health Science Center did not affix an inventory tag number to 1 (2 percent) of 65 equipment items.

The errors discussed above occurred as a result of weaknesses in the Health Science Center’s record keeping and annual inventory processes. As noted above, departments moved two of the items in May 2013, but they did not notify the Property Control Department of the location changes. The departments also did not report the other errors discussed above to the Property Control Department when they performed the annual inventory in fiscal year 2013. Not maintaining complete and accurate property records and not tagging equipment items could result in non-traceable, missing, lost, or stolen equipment.

The issues above affected the following awards:

CFDA No.	CFDA Title	Award Number	Award Year
12.000	Not applicable	HR0011-07-C-0027	January 15, 2007 to September 30, 2011
93.866	Aging Research	U01 AG022307	April 15, 2004 to August 31, 2009
93.846	Arthritis, Musculoskeletal and Skin Diseases Research	19057/00025154	April 1, 2006 to March 31, 2012
93.121	Oral Diseases and Disorders Research	R01DE11381	October 1, 1994 to September 30, 1999
93.121	Oral Diseases and Disorders Research	5 R01 DE11005-04	July 1, 1996 to June 30, 2002
93.121	Oral Diseases and Disorders Research	R21 DE15590	September 28, 2004 to June 30, 2007
93.393	Cancer Cause and Prevention Research	R01 CA138627	September 2, 2010 to June 30, 2015
93.371	Biomedical Technology	1S10RR15883-01	March 1, 2001 to February 28, 2002
93.242	Mental Health Research Grants	R01 MH074457	September 1, 2010 to March 31, 2015
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	R01 DK077639	October 1, 2006 to August 31, 2011
93.859	Biomedical Research and Research Training	R01 GM55372	January 1, 2002 to December 31, 2006

Recommendations:

The Health Science Center should:

- Maintain accurate and complete property records for its equipment.
- Tag all capitalized and controlled equipment in accordance with its policy.

Management Response and Corrective Action Plan:

We concur with the findings and recommendations of the A-133 auditors regarding Equipment and Real Property Management. We wish to note that all 65 items tested were found, attesting to the overall adequacy of our asset controls and records. Acknowledging the need for improvement indicated by this audit, we have trained Asset Management staff regarding the need to accurately record the required data for asset additions (including, but not limited to, serial number, tag number and item description), and to accurately maintain an up-to-date listing of asset locations. Effective immediately, we have improved our annual inventory process to verify asset locations by physically scanning the bar codes on inventory tags affixed to equipment items. This procedure provides a detailed electronic audit trail verifying asset locations. We have also implemented additional QC processes to verify asset locations and serial numbers.

Implementation Date: January 2014

Responsible Person: Ralph Kaster

University of Texas M.D. Anderson Cancer Center

Reference No. 2013-184
Cash Management
 (Prior Audit Issue 13-169)

Research and Development Cluster
Award year – September 4, 1998 to June 30, 2013
Award number – CFDA 93.397, Cancer Centers Support Grants, 5 P30 CA016672
Type of finding – Material Weakness and Material Non-Compliance

A state must minimize the time between its drawdowns of federal funds and the disbursement of those funds for federal program purposes. The timing and amount of the funds transfer must be as close as is administratively feasible to a state’s actual cash outlays (Title 31, Code of Federal Regulations, Section 205.33(a)).

Questioned Cost:	\$0
National Institutes of Health	

To minimize the time elapsing between drawdown and disbursement of federal funds, the University of Texas M.D. Anderson Cancer Center (Cancer Center) operates on a reimbursement basis under which its drawdowns should be based only on expended amounts. However, during fiscal year 2013, the Cancer Center:

- **Did not have adequate controls to ensure that its drawdowns of federal funds were based only on paid amounts.**
- **Executed federal cash draws based, in part, on unpaid expenditures.**
- **Did not provide adequate documentation at the individual award level to support the amounts of federal funds that it drew down.**

Because of those issues, auditors were unable to determine whether the Cancer Center drew down the appropriate amounts of federal funds for fiscal year 2013. As a result, auditors also were unable to determine whether any questioned costs were associated with those issues. Those issues affected the Cancer Center’s drawdowns for all of its National Institutes of Health awards. The Cancer Center receives a large number of awards from the National Institutes of Health, but because auditors were unable to identify the specific awards affected by those issues, auditors have associated this finding with one of the Cancer Center’s largest awards.

The weaknesses in controls and supporting documentation are related to the Cancer Center’s implementation of a new accounting system in September 2012. In January 2013, the Cancer Center determined that the automated process it had been using to determine drawdown amounts erroneously included deferred payments (obligations that the Cancer Center had not yet paid). The Cancer Center’s subsequent attempt to correct that automated process and to determine drawdown amounts through a manual process also resulted in additional adjustments that it needed to make in its drawdown amounts.

The Cancer Center stopped drawing down federal funds from May 2013 through July 2013, while it worked on a solution for the error in its new accounting system. The Cancer Center asserted that, when it resumed drawing down federal funds in August 2013, the error had been corrected. The Cancer Center also asserted that, because it did not draw down federal funds in each month of the year, its total drawdowns during fiscal year 2013 did not exceed total expended amounts.

Recommendations:

The Cancer Center should:

- Develop and implement a process that will enable it to base its drawdowns of federal funds only on expended amounts.
- Retain supporting documentation that contains sufficient detail to tie award-level expenditures to each drawdown.

Management Response and Corrective Action Plan:

The Cancer Center developed and implemented a process that enables us to base the drawdown on expended and paid amounts only. The Cancer Center maintains supporting documentation which contains sufficient detail for each drawdown.

Implementation Date: August 2013

Responsible Person: Claudia Delgado

Reference No. 2013-185
Reporting
(Prior Audit Issue 13-171)

Research and Development Cluster
Research and Development Cluster – ARRA
Award years – See below
Award numbers – See below
Type of finding – Material Weakness and Non-Compliance

Federal Funding Accountability and Transparency Act

The Federal Funding Accountability and Transparency Act (Transparency Act) requires prime recipients of federal awards made on or after October 1, 2010, to capture and report subaward and executive compensation data regarding first-tier subawards that equal or exceed \$25,000. Prime recipients are to report subaward information no later than the end of the month following the month in which the obligation was made (Title 2, Code of Federal Regulations (CFR), Chapter 170).

Questioned Cost:	\$0
National Aeronautics and Space Administration National Institutes of Health	

For all 10 subawards tested that were subject to Transparency Act reporting, the University of Texas M.D. Anderson Cancer Center (Cancer Center) did not submit the required Transparency Act reports. During fiscal year 2013, the Cancer Center did not report any of its subawards as required by the Transparency Act, and it did not have a process to do so. Not submitting required Transparency Act reports decreases the reliability and availability of information provided to the awarding agency and other users of that information.

Federal Financial Reporting

Recipients are responsible for managing, monitoring, and reporting performance for each project, program, subaward, function, or activity supported by the award (Title 2, CFR, Sections 215.51 and 215.52). Recipients use the Federal Financial Report SF-425 or the Request for Advance or Reimbursement SF-270 to report financial activity. The U.S. Office of Management and Budget provides specific instructions for completing the SF-425 and SF-270, including definitions and requirements of key reporting elements.

The Cancer Center did not ensure that its financial reports included all activity in the reporting period, were supported by applicable accounting records, and were presented fairly in accordance with program requirements. Specifically, 6 (10 percent) of the 60 financial reports tested did not accurately reflect the federal expenditures and unobligated balances and/or the indirect expense due to omissions and data entry errors. The Cancer Center reviewed those financial reports prior to submission; however that review did not detect those data entry errors or omitted transactions. Inaccurate information in financial reports increases the risk that federal agencies could rely on inaccurate information to manage and monitor its awards.

American Recovery and Reinvestment Act Reporting

Section 1512 of the American Recovery and Reinvestment Act (Recovery Act) requires that recipients submit quarterly reports to the federal government. Information required to be submitted includes (1) the amount of Recovery Act funds received, (2) the amount of Recovery Act funds received that were expended, (3) a detailed list of all projects or activities for which Recovery Act funds were expended, (4) an estimate of the number of jobs created or retained, and (5) detailed information on any subcontracts or subgrants awarded by the recipient (Recovery Act, Section 1512(c)).

The Cancer Center did not always ensure that its Recovery Act reports were complete and accurate. Specifically, 1 (11 percent) of 9 Recovery Act reports tested did not include all expenditures for those awards. The Cancer Center charged federal expenditures to this award after it submitted its final Recovery Act report and did not revise or resubmit that report to include all subsequent expenditures. Inaccurate information in financial reports increases the risk that federal agencies could rely on inaccurate information to manage and monitor its awards.

The following awards were affected by the Transparency Act reporting issues discussed above:

<u>CFDA No.</u>	<u>CFDA Title</u>	<u>Award Number</u>	<u>Award Year</u>
43.003	Exploration	NNX13AF05G	January 23, 2013 to January 22, 2014
93.395	Cancer Treatment Research	5 R01 CA168484 02	September 26, 2011 to July 31, 2016
93.855	Allergy, Immunology and Transplantation Research	5 R03 AI092252 02	January 1, 2011 to December 31, 2012
93.394	Cancer Detection and Diagnosis Research	5 R01 CA159042 03	March 1, 2011 to February 29, 2016
93.395	Cancer Treatment Research	R01 CA155446 02	September 19, 2011 to August 31, 2016
93.395	Cancer Treatment Research	5 P01 CA148600 02	September 22, 2011 to August 31, 2016
93.394	Cancer Detection and Diagnosis Research	5R01CA163587-02	September 4, 2012 to July 31, 2017
93.172	Human Genome Research	5 R01 HG005859 03	September 1, 2011 to May 31, 2016
93.361	Nursing Research	5 R01NR014195-02	September 27, 2012 to June 30, 2017

The following awards were affected by the financial reporting issue discussed above:

<u>CFDA No.</u>	<u>CFDA Title</u>	<u>Award Number</u>	<u>Award Year</u>
93.395	Cancer Treatment Research	5 P01 CA124787 05	September 18, 2008 to August 31, 2013
93.396	Cancer Biology Research	5 P01 CA130821 05	September 10, 2008 to August 31, 2014
93.397	Cancer Center Support Grants	5U54 CA153505 03	September 1, 2012 to August 31, 2015
93.397	Cancer Center Support Grants	5 P50 CA093459 08	July 27, 2012 to July 26, 2013
93.395	Cancer Treatment Research	5 P01 CA049639 23	February 12, 1997 to June 30, 2015
93.397	Cancer Center Support Grants	5 P50 CA142509 03	September 22, 2010 to August 31, 2015

UNIVERSITY OF TEXAS M.D. ANDERSON CANCER CENTER

The following award was affected by the Recovery Act reporting issue discussed above:

CFDA No.	CFDA Title	Award Number	Award Year
93.397	Cancer Center Support Grants	5 P50 CA091846 10	September 15, 2009 to August 31, 2012

Recommendations:

The Cancer Center should:

- Implement a process to report subawards that are subject to Transparency Act reporting requirements in a timely and accurate manner.
- Strengthen controls to ensure that the federal financial reports and Recovery Act reports it submits are complete and accurate.

Management Response and Corrective Action Plan:

The Cancer Center developed and implemented a process to identify and report subawards that are subject to Transparency Act reporting requirements, timely and accurately.

The Cancer Center will strengthen controls to ensure that federal financial reports and Recovery Act reports are accurately submitted.

Implementation Date: October 2013

Responsible Person: Claudia Delgado

Reference No. 2013-186
Subrecipient Monitoring
 (Prior Audit Issue 13-172)

Research and Development Cluster
Award years – September 30, 1999 to August 31, 2015; August 15, 2007 to June 30, 2012; April 8, 2008 to February 28, 2013; May 1, 2010 to February 28, 2015; September 10, 2008 to August 31, 2013; and September 22, 2010 to August 31, 2015
Award numbers – CFDA 93.399, Cancer Control, 5 P50 CA083639 12; CFDA 93.865, Child Health and Human Development Extramural Research, 5 R01 HD056315 05; CFDA 93.396, Cancer Biology Research, 5 R01 CA123219 05; CFDA 93.393, Cancer Cause and Prevention Research, 5 R01 CA149462 03; CFDA 93.395, Cancer Treatment Research, 5 P01 CA128913 04; and CFDA 93.397, Cancer Centers Support Grants, 1 P50 CA142509 01
Type of finding – Significant Deficiency and Non-Compliance

Preaward Requirements

Beginning October 1, 2010, an agency may not make an award to an entity until it has obtained a valid Data Universal Numbering System (DUNS) number for that entity (Title 2, Code of Federal Regulations, Sections 25.105 and 25.205).

Questioned Cost:	\$0
National Institutes of Health	

For 1 (4 percent) of 28 non-American Recovery and Reinvestment Act subawards tested that were awarded after October 1, 2010, the University of Texas M.D. Anderson Cancer Center (Cancer Center) did not obtain a DUNS number prior to making the subaward. The Cancer Center uses a preaward process to document subrecipient information, including a

subrecipient's DUNS number. However, the Cancer Center did not consistently apply that process. Not obtaining a DUNS number prior to award could lead to improper reporting of federal funding on the Cancer Center's Federal Funding Accountability and Transparency Act reports.

During-the-award Monitoring

As a pass-through entity, the Cancer Center is required by U.S. Office of Management and Budget Circular A-133, Subpart D, Section 400(d), to monitor the activities of subrecipients to ensure that federal awards are used in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

For 5 (17 percent) of 29 subawards tested, the Cancer Center did not consistently monitor subrecipient activities during the subaward periods to provide reasonable assurance that the subrecipients administered the subawards in compliance with federal requirements. Specifically, for those subawards the Cancer Center reviewed and approved subrecipient invoices prior to payment; however, the subrecipient invoices did not contain sufficient detail for the Cancer Center to determine whether the expenditures were for allowable activities and costs and whether the expenditures complied with other federal and award requirements. For example, one subrecipient invoice included a \$10,820 line item labeled "Expense" with no explanation of the type of expenses included. Two subrecipient invoices included travel line items, but the budgets for those two subawards did not include travel.

Insufficient during-the-award monitoring increases the risk the Cancer Center would not detect subrecipients' noncompliance with federal requirements.

Recommendations:

The Cancer Center should:

- Strengthen its procedures to ensure that it obtains a DUNS number prior to making a subaward.
- Consistently monitor subrecipient activities during the subaward period to ensure that subrecipient expenditures are allowable and comply with award requirements.

Management Response and Corrective Action Plan:

The Cancer Center will strengthen procedures to ensure that a DUNS number is obtained prior to issuing an award to a subrecipient. The Cancer Center has obtained the DUNS number for the one subaward identified.

The Cancer Center will consistently monitor subrecipient activity during the period of performance to ensure that the expenditures are allowable and in compliance with the award requirements.

Implementation Date: February 2014

Responsible Person: Claudia Delgado

University of Texas Medical Branch at Galveston

Reference No. 2013-187

Equipment and Real Property Management

CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Award year – September 13, 2008

Award number – 1791DRTXP00000001

Type of finding – Significant Deficiency and Non-Compliance

When a recipient of a federal award acquires equipment using federal funds and the recipient no longer needs the equipment, the equipment may be used for other activities. For equipment with a current per unit fair market value of \$5,000 or more, the recipient may retain the equipment for other uses provided that compensation is made to the original federal awarding agency or its successor. If the recipient has no need for the equipment, the recipient shall request disposition instructions from the federal awarding agency. The federal awarding agency shall issue instructions to the recipient no later than 120 calendar days after the recipient’s request (Title 2, Code of Federal Regulations, Section 215.34(g)).

Questioned Cost:	\$0
U.S. Department of Homeland Security – Federal Emergency Management Agency	

The University of Texas Medical Branch at Galveston (Medical Branch) improperly transferred an asset valued at more than \$5,000 that it purchased with Disaster Grants – Public Assistance (Presidentially Declared Disasters) funds to an outside entity. The Medical Branch did not notify the awarding agency of the disposition or compensate the awarding agency for its share of the value of the asset. The Medical Branch originally acquired the asset to replace research equipment damaged during Hurricane Ike. It transferred the asset to another institution when the principal investigator responsible for that asset left the Medical Branch for that other institution, but it did not seek reimbursement for the value of the asset. The fair market value of the asset could not be determined; however, the Medical Branch purchased the asset in June 2011 for \$10,757 and transferred the asset in August 2013.

The Medical Branch transferred the asset discussed above to the other institution along with several other assets it purchased with federal Research and Development Cluster awards. The disposition form the Medical Branch used included the required internal approvals for the assets purchased with federal Research and Development Cluster awards, but it did not include approval for assets purchased with other awards, such as Disaster Grants – Public Assistance (Presidentially Declared Disasters) funds.

Recommendation:

The Medical Branch should review the disposition of assets acquired with federal funds for compliance with federal requirements, and it should appropriately notify the awarding agency or reimburse the awarding agency for its share of the value of the asset.

Management Response and Corrective Action Plan:

UTMB Management agrees with the auditor’s recommendation as it relates to federal, non-exempt assets. When disposing of federal, non-exempt assets with a fair market value at or more than \$5,000 we will request disposition instructions from the federal awarding agency.

Implementation Date: March 31, 2014

Responsible Persons: Craig Ott, Kelly Dean, and Glenita Segura

University of Texas at San Antonio

Reference No. 2013-188

Eligibility

Activities Allowed or Unallowed

Cash Management

Period of Availability of Federal Funds

Reporting

Special Tests and Provisions – Separate Funds

Special Tests and Provisions – Disbursements To or On Behalf of Students

Special Tests and Provisions – Borrower Data Transmission and Reconciliation (Direct Loan)

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A124169; CFDA 84.033, Federal Work-Study Program, P033A124169; CFDA 84.063, Federal Pell Grant Program, P063P123294; CFDA 84.268, Federal Direct Student Loans, P268K133294; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T133294; and CFDA 84.038, Federal Perkins Loan Program – Federal Capital Contributions, Award Number Not Applicable

Type of finding – Significant Deficiency and Non-Compliance

Cost of Attendance Budgets

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student’s cost of attendance (COA) minus the expected family contribution (EFC) (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087kk). The phrase “cost of attendance” refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 10871l).

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

The University of Texas at San Antonio (University) establishes COA budgets prior to the start of the each award year. Staff manually enter the budgets into the University’s financial aid system and then the University’s compliance team performs a quality control review to ensure that the budgets were entered accurately. After a student is assigned a budget group, the system will load the proper budget components stored for that student’s assigned budget group.

For 8 (1 percent) of the University’s 818 COA budget combinations, the University entered the budgets into its financial aid system incorrectly. Those errors occurred because the University made changes to some of the budget line items, but it did not update the applicable COA budgets in its financial aid system. The University did not detect those errors during its quality control review process. As a result of those errors, the University assigned 13 students incorrect budgets. The differences between the correct budgets and the incorrect budgets ranged from \$105 to \$2,171. None of the students affected by the incorrect budgets was overawarded assistance. However, not applying correct COA budgets could result in an overaward or underaward of student financial assistance.

Other Compliance Requirements

Although the general control weaknesses described below apply to activities allowed or unallowed, cash management, period of availability of federal funds, reporting, special tests and provisions - separate funds, special tests and provisions - disbursements to or on behalf of students, and special tests and provisions - borrower data transmission and reconciliation (Direct Loan), auditors identified no compliance issues regarding those compliance requirements.

General Controls

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

The University did not have sufficient change management controls in place for its student financial aid system, Banner. For 2 (67 percent) of 3 changes tested, the University did not provide sufficient documentation supporting that (1) it properly tested and authorized the changes prior to migrating the changes into the production environment or (2) authorized personnel migrated the changes to the production environment. Lack of sufficient change management processes increases the risk of unauthorized programming changes being made to critical information systems.

Recommendation:

The University should:

- Enter all COA budgets accurately into its financial aid system.
- Sufficiently document changes to key systems to support testing results and authorization of changes.
- Ensure that only authorized personnel migrate changes to the production environment.

Management Response and Corrective Action Plan:

To ensure appropriate QC of cost of attendance set up for the new year, review documents will be submitted to the compliance team in total, including all appropriate budget groups. For each review, a certification form will be completed by the review team and certified by the Director/AVP. A limited number of managers will have access to update RBRCOMP. Once the QC is complete, if any updates are made to the Banner budgets or cost of attendance spreadsheets, a re-certification will be required.

Implementation Date: May 31, 2014

Responsible Person: Lisa Blazer

The 2 specific change requests identified were for applying 2 Banner Financial Aid patches that were done as part of the larger Banner 8.5.4 upgrade performed in February 2013. These patches were listed as part of the Banner 8.5.4 upgrade checklist that itemized all the modules and patches that were applied. The DBA's completed this checklist during the upgrade process. The Banner Core Users Group provided verbal approval at the go/no go meeting for the Banner upgrade that included these 2 patches. However, no individual emails were sent out to obtain individual approval for these 2 specific patches.

Therefore, we have implemented the following procedures to ensure we maintain sufficient supporting documentation for changes to Banner that support testing results and authorization of changes:

- *Sending out individual emails for Banner Financial Aid patches when they are part of a Banner Financial Aid upgrade, and*
- *Obtaining separate emails from the Banner Core Users Group approving the individual patches that are part of the Banner upgrade and/or maintaining minutes from the Banner Core Users Group meetings indicating approval of the individual patches.*

Only authorized personnel migrate changes to the production environment. Only DBA's continue to have the ability to perform Banner code migration to Production after they receive a confirmation email from the ADS Team Leads. Once complete, this email is documented in the task request.

Implementation Date: November 4, 2013

Responsible Person: Jayashree Iyengar

Reference No. 2013-189

Special Tests and Provisions – Verification

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A124169; CFDA 84.033, Federal Work-Study Program, P033A124169; CFDA 84.063, Federal Pell Grant Program, P063P123294; CFDA 84.268, Federal Direct Student Loans, P268K133294; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T133294; and CFDA 84.038, Federal Perkins Loan Program – Federal Capital Contributions, Award Number Not Applicable

Type of finding – Significant Deficiency and Non-Compliance

Verification of Applications

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income (AGI), U.S. income taxes paid, child support paid, food stamps, education credits, IRA deductions, and other untaxed income (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56, and *Federal Register*, Volume 76, Number 134). When the verification of an applicant’s eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the student’s FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant’s financial aid package on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR). For the Federal Pell Grant Program, if an applicant’s FAFSA information changes as a result of verification, an institution must recalculate the applicant’s Federal Pell Grant on the basis of the EFC on the corrected ISIR and disburse any additional funds under that award (Title 34, CFR, Section 668.59).

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

The University of Texas at San Antonio (University) participates in the Quality Assurance Program (QAP) designed by the U.S. Department of Education. Under the QAP, participating institutions develop a quality improvement approach to their administration of the financial student assistance programs. The QAP provides participating institutions the ability to design a verification program that fits their population (2012-2013 *Application and Verification Guide*, page AVG-84).

The University did not accurately verify all required information in student financial assistance applications and did not always correct student ISIR information when required. Specifically:

- For 1 (2 percent) of 60 students tested, the University did not correct the student's application to reflect the correct adjusted gross income. That resulted in a \$50 Pell Grant underaward for that student.
- For 1 (2 percent) of 60 students tested, the University did not ensure that the number of household members reported on the student's application was adequately supported. There was no effect on federal assistance awarded to this student.

Both errors resulted from manual errors that occurred during the verification process. Although the University has an established quality control review process, that process did not identify the errors. Not properly verifying FAFSA information could result in the University overawarding or underawarding student federal financial assistance.

General Controls

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

The University did not have sufficient change management controls in place for its student financial aid system, Banner. For 2 (67 percent) of 3 changes tested, the University did not provide sufficient documentation supporting that (1) it properly tested and authorized the changes prior to migrating the changes into the production environment or (2) authorized personnel migrated the changes to the production environment. Lack of sufficient change management processes increases the risk of unauthorized programming changes being made to critical information systems.

Recommendations:

The University should:

- Accurately verify all required FAFSA information for applicants selected for verification and request updated ISIRs when required.
- Obtain adequate support for all FAFSA information that it is required to verify.
- Sufficiently document changes to key systems to support testing results and authorization of changes.
- Ensure that only authorized personnel migrate changes to the production environment.

Management Response and Corrective Action Plan:

UTSA will continue to perform the established quality control review process to identify possible errors. The university will obtain adequate support for all FAFSA information for those students selected for the Quality Assurance Program (QAP) verification process to include updated verification forms.

Implementation Date: February 28, 2014

Responsible Person: Lisa Blazer

The 2 specific change requests identified were for applying 2 Banner Financial Aid patches that were done as part of the larger Banner 8.5.4 upgrade performed in February 2013. These patches were listed as part of the Banner 8.5.4 upgrade checklist that itemized all the modules and patches that were applied. The DBA's completed this checklist during the upgrade process. The Banner Core Users Group provided verbal approval at the go/no go meeting for the Banner upgrade that included these 2 patches. However, no individual emails were sent out to obtain individual approval for these 2 specific patches.

Therefore, we have implemented the following procedures to ensure we maintain sufficient supporting documentation for changes to Banner that support testing results and authorization of changes:

- *Sending out individual emails for Banner Financial Aid patches when they are part of a Banner Financial Aid upgrade, and*
- *Obtaining separate emails from the Banner Core Users Group approving the individual patches that are part of the Banner upgrade and/or maintaining minutes from the Banner Core Users Group meetings indicating approval of the individual patches.*

Only authorized personnel migrate changes to the production environment. Only DBA's continue to have the ability to perform Banner code migration to Production after they receive a confirmation email from the ADS Team Leads. Once complete, this email is documented in the task request.

Implementation Date: November 4, 2013

Responsible Person: Jayashree Iyengar

Reference No. 2013-190

Special Tests and Provisions – Return of Title IV Funds

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A124169; CFDA 84.033, Federal Work-Study Program, P033A124169; CFDA 84.063, Federal Pell Grant Program, P063P123294; CFDA 84.268, Federal Direct Student Loans, P268K133294; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T133294; and CFDA 84.038, Federal Perkins Loan Program – Federal Capital Contributions, Award Number Not Applicable

Type of finding – Significant Deficiency and Non-Compliance

Timeliness of Returns and Withdrawal Date Determinations

An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the payment period or period of enrollment (Title 34, Code of Federal Regulations (CFR), Section 668.22(j)(2)). In addition, returns of Title IV funds are required to be deposited or transferred into the student financial aid account, or electronic fund transfer must be initiated to the U.S. Department of Education as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew (Title 34, CFR, Section 668.22(j)).

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

Within 30 days of the date that an institution determines that a student has withdrawn, it must send a notice to the student if that student owes a grant overpayment as a result of the student’s withdrawal from the institution in order to recover the overpayment (Title 34, CFR, Section 668.22(h)(4)(ii)).

A student who owes an overpayment under this section remains eligible for Title IV assistance through and beyond the earlier of 45 days from the date the institution sends a notification to the student of the overpayment, or 45 days from the date the institution was required to notify the student of the overpayment if the student (1) repays the overpayment in full to the institution, (2) enters into a repayment agreement with the institution in accordance with repayment arrangements satisfactory to the institution, or (3) signs a repayment agreement with the Secretary of the U.S. Department of Education (Title 34, CFR, Section 668.22(h)(4)(i)). If the student does not meet those requirements or fails to meet the terms of the repayment agreement with the institution or with the Secretary of the U.S. Department of Education, that student is not eligible for Title IV assistance (Title 34, CFR, Section 668.22(h)(4)(iv)).

An institution must refer to the Secretary of the U.S. Department of Education, in accordance with procedures required by the Secretary of the U.S. Department of Education, an overpayment of Title IV, Higher Education Act grant funds owed by a student as a result of the student’s withdrawal from the institution if (1) the student does not repay the overpayment in full to the institution, or enter a repayment agreement with the institution or the Secretary of the U.S. Department of Education within the earlier of 45 days from the date the institution sends a notification to the student of the overpayment, or 45 days from the date the institution was required to notify the student of the overpayment, (2) at any time the student fails to meet the terms of the student’s repayment agreement with the institution, or (3) the student chooses to enter into a repayment agreement with the Secretary of the U.S. Department of Education (Title 34, CFR, Section 668.22(h)(4)(iv)).

The University of Texas at San Antonio (University) did not always determine student withdrawal dates in a timely manner or make the required returns of federal financial assistance within the required time frames. Specifically:

- For 1 (4 percent) of 25 students tested for whom the University was required to return funds, it did not return those funds within 45 days of determining the student's withdrawal date. The University returned the required funds 47 calendar days after it determined that the student withdrew.
- For 2 (22 percent) of 9 students tested who unofficially withdrew, the University did not determine the students' withdrawal dates within 30 days of the end of the semester. For those two students, the University determined their Fall term withdrawal dates 36 calendar days after the end of that term.
- For 1 student who had a grant overpayment, the University did not return funds within 45 days or notify the student that the student was required to return \$36 in Pell Grant funds associated with award P063P123294. The University also did not report a grant overpayment to the U.S. Department of Education within 30 days as required.

The errors occurred because the University did not complete manual processing of Title IV returns in time to meet requirements. Not determining withdrawal dates in a timely manner or making returns after the required time frame reduces the information available to the U.S. Department of Education for its program management.

Unofficial Withdrawals Query

The University's query to identify students who unofficially withdrew during the 2012-2013 award year incorrectly excluded some students who may have unofficially withdrawn during that year. That occurred because the query included students who only received grades of "F" or "IN" (incomplete); as a result, the query excluded students with combinations of grades that could indicate that they unofficially withdrew. For example, the University's query did not identify students who dropped some courses and received "Fs" in other courses.

Based on information the University provided, the University did not initially determine whether it needed to return funds for 570 students who may have unofficially withdrawn during the 2012-2013 award year. After auditors brought that issue to the University's attention, the University reviewed those additional students to determine whether it was required to return Title IV funds. The University asserted that its review resulted in the return of \$181,659 for 269 of those students.

General Controls

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

The University did not have sufficient change management controls in place for its student financial aid system, Banner. For 2 (67 percent) of 3 changes tested, the University did not provide sufficient documentation supporting that (1) it properly tested and authorized the changes prior to migrating the changes into the production environment or (2) authorized personnel migrated the changes to the production environment. Lack of sufficient change management processes increases the risk of unauthorized programming changes being made to critical information systems.

Recommendations:

The University should:

- Return Title IV funds within 45 days of determining that students withdrew.
- Determine unofficial withdrawal dates within 30 days of the end of a period.
- Correct its unofficial withdrawals query and strengthen its monitoring controls to help ensure that it accurately identifies all unofficial withdrawals.
- Sufficiently document changes to key systems to support testing results and authorization of changes.
- Ensure that only authorized personnel migrate changes to the production environment.

Management Response and Corrective Action Plan:

The process schedule for Return of Title IV will be set and adhered to. Going forward, if responses from university officials regarding students' attendance are not received timely, the funds will be returned within the 45 days of determination of withdrawal date. We have enhanced the SQL query report to ensure we identify all unofficial withdrawals within 30 days.

Implementation Date: May 31, 2014

Responsible Person: Lisa Blazer

The 2 specific change requests identified were for applying 2 Banner Financial Aid patches that were done as part of the larger Banner 8.5.4 upgrade performed in February 2013. These patches were listed as part of the Banner 8.5.4 upgrade checklist that itemized all the modules and patches that were applied. The DBA's completed this checklist during the upgrade process. The Banner Core Users Group provided verbal approval at the go/no go meeting for the Banner upgrade that included these 2 patches. However, no individual emails were sent out to obtain individual approval for these 2 specific patches.

Therefore, we have implemented the following procedures to ensure we maintain sufficient supporting documentation for changes to Banner that support testing results and authorization of changes:

- *Sending out individual emails for Banner Financial Aid patches when they are part of a Banner Financial Aid upgrade, and*
- *Obtaining separate emails from the Banner Core Users Group approving the individual patches that are part of the Banner upgrade and/or maintaining minutes from the Banner Core Users Group meetings indicating approval of the individual patches.*

Only authorized personnel migrate changes to the production environment. Only DBA's continue to have the ability to perform Banner code migration to Production after they receive a confirmation email from the ADS Team Leads. Once complete, this email is documented in the task request.

Implementation Date: November 4, 2013

Responsible Person: Jayashree Iyengar

Reference No. 2013-191

Special Tests and Provisions – Enrollment Reporting

Student Financial Assistance Cluster

Award year – July 1, 2012 to June 30, 2013

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A124169; CFDA 84.033, Federal Work-Study Program, P033A124169; CFDA 84.063, Federal Pell Grant Program, P063P123294; CFDA 84.268, Federal Direct Student Loans, P268K133294; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T133294; and CFDA 84.038, Federal Perkins Loan Program – Federal Capital Contributions, Award Number Not Applicable

Type of finding – Significant Deficiency and Non-Compliance

Enrollment Reporting

Unless an institution expects to submit its next student status confirmation report to the Secretary of the U.S. Department of Education or the guaranty agency within the next 60 days, it must notify the guaranty agency or lender within 30 days if it discovers that a Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to

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

or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations, Sections 685.309(b) and 682.610(c)).

The University of Texas at San Antonio (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to the National Student Loan Data System (NSLDS). Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to the respective lenders and guarantors. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, Chapter 1.8).

The *NSLDS Enrollment Reporting Guide* states that, in the absence of a student's formal withdrawal, the student's last recorded date of attendance should be reported as the status change date (*NSLDS Enrollment Reporting Guide*, Appendix B).

For 2 (3 percent) of 60 students tested, the University did not accurately report the effective dates of the students' withdrawal to NSLDS. The University identified both students as unofficial withdrawals for Fall 2012, and it identified a last date of attendance for both students; however, the University reported the final day of the Fall 2012 term as the effective date of the change. That occurred because the University does not have a process to (1) retrieve the last date of attendance it determines when it makes a return of Title IV funds calculation and (2) use that date when it reports students who unofficially withdraw to NSC.

Additionally, automated controls are not operating effectively to help ensure that enrollment files and degree verifications the University submits to NSC are complete. For example, when the University uploaded one enrollment file to NSC, NSC did not receive information for 56 students because of conflicting information in one data field. That occurred because the University does not have an established process to review all student records rejected by NSC to ensure that status changes are reported to NSLDS, as required. Those 56 students could have received Title IV assistance that would have required the University to update NSLDS with the students' enrollment status.

Inaccurate or incomplete submission of information affects the determinations that lenders and servicers of student loans make related to in-school status, deferments, grace periods, and repayment schedules, as well as the federal government's payment of interest subsidies.

General Controls

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

The University did not have sufficient change management controls in place for its student financial aid system, Banner. For 2 (67 percent) of 3 changes tested, the University did not provide sufficient documentation supporting that (1) it properly tested and authorized the changes prior to migrating the changes into the production environment or (2) authorized personnel migrated the changes to the production environment. Lack of sufficient change management processes increases the risk of unauthorized programming changes being made to critical information systems.

Recommendations:

The University should:

- Develop and implement written procedures for reporting the effective date of withdrawal for students who unofficially withdraw from the University without completing a term.

- Develop and implement written procedures for reviewing student records rejected by NSC to ensure that it reports all status changes to NSLDS.
- Sufficiently document changes to key systems to support testing results and authorization of changes.
- Ensure that only authorized personnel migrate changes to the production environment.

Management Response and Corrective Action Plan:

For unofficially withdrawn students for whom R2T4 has to be processed, the university will manually update their enrollment status in NSLDS.

Implementation Date: May 31, 2014

Responsible Person: Lisa Blazer

Effective with the Fall 2013 semester and beginning with the first report for Early Registration, we have been working with the students listed on the Rejected Records list. Procedures have been established to clear rejects and are outlined in the Registrar's policies and procedures for National Student Clearinghouse reporting. At the request of Financial Aid, we will also begin to keep a spreadsheet to show the rejects that have been corrected and provide documentation and confirmation to Financial Aid.

Implementation Date: February 28, 2014

Responsible Person: Joe DeCristoforo

The 2 specific change requests identified were for applying 2 Banner Financial Aid patches that were done as part of the larger Banner 8.5.4 upgrade performed in February 2013. These patches were listed as part of the Banner 8.5.4 upgrade checklist that itemized all the modules and patches that were applied. The DBA's completed this checklist during the upgrade process. The Banner Core Users Group provided verbal approval at the go/no go meeting for the Banner upgrade that included these 2 patches. However, no individual emails were sent out to obtain individual approval for these 2 specific patches.

Therefore, we have implemented the following procedures to ensure we maintain sufficient supporting documentation for changes to Banner that support testing results and authorization of changes:

- *Sending out individual emails for Banner Financial Aid patches when they are part of a Banner Financial Aid upgrade, and*
- *Obtaining separate emails from the Banner Core Users Group approving the individual patches that are part of the Banner upgrade and/or maintaining minutes from the Banner Core Users Group meetings indicating approval of the individual patches.*

Only authorized personnel migrate changes to the production environment. Only DBA's continue to have the ability to perform Banner code migration to Production after they receive a confirmation email from the ADS Team Leads. Once complete, this email is documented in the task request.

Implementation Date: November 4, 2013

Responsible Person: Jayashree Iyengar

University of Texas Southwestern Medical Center

Reference No. 2013-192

Period of Availability of Federal Funds

Research and Development Cluster

Research and Development Cluster – ARRA

Award years – See below

Award numbers – See below

Type of finding – Material Weakness and Non-Compliance

When a funding period is specified, a recipient may charge to a grant only allowable costs resulting from obligations incurred during the funding period and any preaward costs authorized by the federal awarding agency (Title 2, Code of Federal Regulations (CFR), Section 215.28). Unless the federal awarding agency authorizes an extension, a recipient shall liquidate all obligations incurred under the award not later than 90 calendar days after the funding period or the date of completion as specified in the terms and conditions of the award or in agency implementing instructions (Title 2, CFR Section 215.71(b)).

Questioned Cost:	\$13,884
U.S. Department of Health and Human Services	

For 24 (40 percent) of 60 transactions tested that were recorded after the end of the award period of availability, the University of Texas Southwestern Medical Center (Medical Center) did not incur costs within the period of availability or did not liquidate its obligations within the required time period. Specifically:

- For two transactions, the Medical Center did not incur the costs within the funding period. One of those transactions was a monthly payment for telecommunication rental equipment for a month after the funding period for the award had ended. During fiscal year 2013, the Medical Center charged \$2,484 in unallowable telecommunication rental equipment costs to award N01MH090003. The other transaction was an \$11,400 charge for medical and lab supplies to CFDA 93.847, award 1R01DK091680-01A1.
- The Medical Center charged one transaction to an incorrect federal award. The expenditure was for another award with the same subcontractor. After auditors brought that error to the Medical Center’s attention, the Medical Center transferred the cost to the correct award; therefore, there were no questioned costs.
- For three transactions, the Medical Center incorrectly charged indirect costs. All three transactions were corrections for mistakes the Medical Center made. The Medical Center has a quarterly review process; however, it did not conduct that review in a timely manner to ensure that it could identify and resolve errors promptly. The Medical Center corrected those transactions; however, it made the corrections between 162 and 519 days after the end of the award funding period.
- For 18 transactions, the Medical Center liquidated its obligations more than 90 calendar days after the end of the funding period. The Medical Center liquidated those transactions, which totaled \$757,337, between 114 and 496 days after the end of the funding period. Although the Medical Center was aware of the outstanding obligations, it did not have a procedure to notify the sponsor of the outstanding obligations or request an award close-out extension from the sponsor.

The Medical Center had a process to review and approve invoices; however, that process was not sufficient to ensure that the Medical Center charges expenditures to the correct awards. Additionally, the Medical Center does not have an adequate process to ensure that it liquidates obligations within 90 days after the end of an award’s funding period.

The following awards were affected by the issues discussed above:

CFDA No.	CFDA Title	Award Number	Award Year
93.000	Not Applicable	N01MH090003	September 29, 1999 to March 31, 2011
93.000	Not Applicable	BRCS04086	September 13, 2004 to June 30, 2012
93.394	Cancer Detection and Diagnosis Research	U01CA086402	February 1, 2011 to June 30, 2012

UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER

CFDA No.	CFDA Title	Award Number	Award Year
93.701	Trans-NIH Recovery Act Research Support	5RC1HD06415902	January 15, 2009 to August 31, 2012
93.701	Trans-NIH Recovery Act Research Support	3R01HL08574903S1	July 15, 2009 to May 31, 2012
93.701	Trans-NIH Recovery Act Research Support	5R01DA01667207	August 1, 2009 to July 31, 2011
93.701	Trans-NIH Recovery Act Research Support	3R01NS04951705S1	September 15, 2009 to February 29, 2012
93.839	Blood Diseases and Resources Research	5 R01HL095647 04	March 28, 2011 to July 31, 2012
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	5U01DK082916-04	June 1, 2011 to May 31, 2012
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	1R01DK091680-01A1	April 1, 2012 to November 30, 2012
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	5R21NS06755302	September 22, 2009 to August 31, 2011
93.865	Child Health and Human Development Extramural Research	5U01HD04265205	July 1, 2003 to June 30, 2012
93.866	Aging Research	3R01AG01747909S1	September 1, 2006 to June 30, 2012

Recommendations:

The Medical Center should:

- Strengthen its review process to ensure that it incurs costs within the period of availability, charges transactions to the appropriate awards, and correctly charges indirect costs to awards.
- Develop and implement a process to ensure that it liquidates its obligations within required time frames or requests an award close-out extension from the sponsor.

Management Response and Corrective Action Plan:

Sponsored Programs Administration has recently undertaken a comprehensive reorganization of the department – addressing key people, processes, policies, procedures, training, and compliance functions. This reorganization will strengthen overall controls and increase the level of fiscal compliance and monitoring activities across sponsored programs activities – particularly those activities related to period of availability.

The Medical Center will continue to define, clarify, document, and implement processes and procedures which assure it liquidates obligations, reconciles, and closes sponsored program awards in a timely manner. Further, the Medical Center will continue to monitor all sponsored award activities during their period of availability to help mitigate risk, increase efficiencies, and encourage fiscal compliance to the maximum extent possible.

Implementation Date: April 2014

Responsible Person: Tom Champagne

Reference No. 2013-193

Reporting

Research and Development Cluster

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

Federal Funding Accountability and Transparency Act

The Federal Funding Accountability and Transparency Act (Transparency Act) requires prime recipients of federal awards made on or after October 1, 2010, to capture and report subaward and executive compensation data regarding first-tier subawards that exceed \$25,000. Prime recipients are to report subaward information no later than the end of the month following the month in which the obligation was made (Title 2, Code of Federal Regulations (CFR), Chapter 170).

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

Recipients of awards subject to the Transparency Act must report all required elements established in the U.S. Office of Management and Budget’s *Open Government Directive - Federal Spending Transparency and Subaward and Compensation Data Reporting*, including the subaward date, subawardee Dun and Bradstreet Data Universal Numbering System (DUNS) number, amount of subaward, subaward obligation or action date, date of report submission, and subaward number. The subaward obligation date is defined as the date the subaward agreement is signed. Additionally, the amount of the subaward is the net dollar amount of federal funds awarded to the subawardee including modifications (U.S. Office of Management and Budget’s *Open Government Directive - Federal Spending Transparency and Subaward and Compensation Data Reporting, August 27, 2010, Appendix C*).

For all 13 Transparency Act reports tested, the University of Texas Southwestern Medical Center (Medical Center) did not accurately report key data elements and/or did not submit the reports within the required time frame. Specifically:

- For 4 of those reports, the Medical Center did not submit the reports within the required time frame due to staffing changes. The Medical Center submitted those reports between 168 and 452 days late.
- For 9 of those reports, the Medical Center did not accurately report key data elements related to the awards. The Medical Center did not report amendments or modifications made to the subawards; therefore, the reported subaward obligation amounts were inaccurate. As a result of not reporting subaward modifications, the Medical Center also did not update its reports within the required time frame.

Additionally, for 11 (85 percent) of the 13 Transparency Act reports tested, the Medical Center reported an incorrect obligation date. For 10 of those reports, the Medical Center reported the obligation date as the first date of the subaward period, instead of the date the subaward was signed. For the remaining report, the Medical Center reported an incorrect obligation date for an unknown reason.

Those issues occurred because the Medical Center did not have sufficient controls to ensure that its Transparency Act reports were accurate and that it submitted those reports in a timely manner. Not submitting accurate

Transparency Act reports in a timely manner decreases the reliability and availability of information to the awarding agency and the public.

Financial Reporting

Recipients are responsible for managing, monitoring, and reporting performance for each project, program, subaward, function, or activity supported by the award (Title 2, CFR, Sections 215.51 and 215.52). Recipients use the Federal Financial Report SF-425 or the Request for Advance or Reimbursement SF-270 to report financial activity. The U.S. Office of Management and Budget provides specific instructions for completing the SF-425 and SF-270, including definitions and requirements of key reporting elements. For National Institutes of Health awards, grantees must submit quarterly reports no later than 30 days after the end of each reporting period and must submit final financial status reports within 90 days of the end of the grant support.

The Medical Center did not always submit final financial reports within the required time frame. For 1 (2 percent) of 60 financial reports tested, the Medical Center did not submit a final financial status report. The Medical Center asserted that it delayed submitting that final financial status report to make adjustments to final amounts as a result of its transition to a new accounting system. Although the Medical Center has a process to identify due dates for final financial status reports, it does not have a process to ensure that it submits those reports within the required time frame. By not submitting final financial status reports in a timely manner, the Medical Center risks suspension or termination of award funding or other enforcement actions from awarding entities.

The following awards were affected by the Transparency Act reporting issues noted above:

CFDA No.	CFDA Title	Award Number	Award Year
12.300	Basic and Applied Scientific Research	N000141110203	June 1, 2011 to May 31, 2014
93.000	Not applicable	HHSF223201110109A	September 15, 2011 to September 14, 2014
93.213	Research and Training in Complementary and Alternative Medicine	5R01AT00688903	July 1, 2011 to June 30, 2014
93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health	7R01EB004582-06	August 1, 2011 to March 31, 2015
93.350	National Center for Advancing Translational Sciences	2UL1TR000451-06	June 1, 2012 to July 23, 2014
93.397	Cancer Centers Support Grants	5U54CA16330803	September 23, 2011 to May 31, 2014
93.837	Cardiovascular Diseases Research	5R01HL09678203	January 1, 2011 to August 31, 2013
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	5R34DK094115-02	September 30, 2011 to August 31, 2013
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	5R21NS07275402	September 1, 2011 to May 31, 2014
93.855	Allergy, Immunology and Transplantation Research	1R01AI103947-01	January 1, 2012 to December 31, 2017

UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER

CFDA No.	CFDA Title	Award Number	Award Year
93.865	Child Health and Human Development Extramural Research	5P01HD01114933	December 1, 2010 to January 31, 2014
93.866	Aging Research	5R01AG017479-11	July 1, 2012 to June 30, 2014

The following award was affected by the financial reporting issue noted above:

CFDA No.	CFDA Title	Award Number	Award Year
93.173	Research Related to Deafness and Communication Disorders	5R01DC00610109S1	July 1, 2008 to June 30, 2013

Recommendations:

The Medical Center should:

- Submit accurate Transparency Act reports in a timely manner and include subaward amendments and modifications in those reports.
- Submit all required financial reports to awarding entities within the required time frames or request extensions from those awarding entities.

Management Response and Corrective Action Plan:

The Medical Center has justified and secured appropriate and sufficient system technology access for those involved in submitting Transparency Act reports. Further, the Medical Center has provided the necessary orientation and training to those involved. The root-cause reasons for limited system access have been addressed and the Medical Center will monitor procedural breakdowns for swift attention, moving forward.

Additionally, the Medical Center will review and sufficiently strengthen its financial reporting database to assure that all reports are included, that such reports are submitted in a timely manner, and continuously implement changes to the processes, as necessary, to help ensure compliance in these areas.

Implementation Date: April 2014

Responsible Person: Tom Champagne

Reference No. 2013-194

Subrecipient Monitoring

Research and Development Cluster

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

When acting as a pass-through entity, the University of Texas Southwestern Medical Center (Medical Center) is required by Office and Management and Budget (OMB) Circular A-133, Section .400, to monitor the activities of subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts

Questioned Cost:	\$0
National Institutes of Health	

or grant agreements and that performance goals are achieved. At the time of the subaward, the pass-through entity must identify to the subrecipient the federal award information, including the Catalog of Federal Domestic Assistance (CFDA) title and number, award name and number, whether the award is research and development, the name of the federal awarding agency, and applicable compliance requirements (OMB Circular A-133, Section .400 (d)).

For 8 (27 percent) of 30 subaward agreements tested, the Medical Center did not identify the CFDA title to the subrecipients at the time of the award. For one of those subaward agreements, the Medical Center did not complete the CFDA title field in the template it used to prepare the agreements. The Medical Center awarded the remaining seven subaward agreements prior to fiscal year 2011, when the Medical Center implemented a new subaward template that included a field for the CFDA title. Inadequate identification of federal awards to subrecipients could lead to improper reporting of federal funding on a subrecipient's schedule of expenditures of federal awards.

The following awards were affected by the subrecipient monitoring issues noted above:

CFDA No.	CFDA Title	Award Number	Award Year
93.273	Alcohol Research Programs	5R01AA01520105	September 1, 2012 to August 31, 2013
93.865	Child Health and Human Development Extramural Research	5R01HD05297305	May 1, 2013 to April 30, 2014
93.397	Cancer Centers Support Grants	5P50CA07090715	June 27, 2011 to April 30, 2012
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	5R01DK08187205	September 1, 2009 to August 31, 2013
93.279	Drug Abuse and Addiction Research Programs	5U10DA02002409	September 1, 2012 to August 31, 2013
93.855	Allergy, Immunology and Transplantation Research	5R01AI07770604	September 1, 2010 to August 31, 2013
93.855	Allergy, Immunology and Transplantation Research	5R01AI05306710	January 1, 2008 to December 31, 2012

Recommendation:

The Medical Center should identify all required federal award information to its subrecipients at the time of award.

Management Response and Corrective Action Plan:

The Medical Center will review all active sub awards, established prior to implementation of the “standard template”, and update each active award with the required CFDA Title and CFDA number. These actions will bring all existing sub awards into compliance.

Implementation Date: April 2014

Responsible Person: Tom Champagne

Water Development Board

Reference No. 2013-195

Allowable Costs/Cost Principles

CFDA 66.458 – Capitalization Grants for Clean Water State Revolving Funds

CFDA 66.458 – Capitalization Grants for Clean Water State Revolving Funds – ARRA

Award years – October 1, 2008 to August 31, 2014; June 6, 2011 to August 31, 2015; and September 5, 2012 to August 31, 2016

Award numbers – 2W-96692401 (ARRA), CS-48000211, and CS-48000212

CFDA 66.468 – Capitalization Grants for Drinking Water State Revolving Funds

CFDA 66.468 – Capitalization Grants for Drinking Water State Revolving Funds – ARRA

Award years – February 1, 2009 to August 31, 2014; January 1, 2008 to December 31, 2014; September 1, 2008 to August 31, 2014; September 1, 2010 to August 31, 2015; September 1, 2011 to August 31, 2016; and September 1, 2012 to August 31, 2016

Award numbers – 2F-96692301 (ARRA), FS-99679511, FS-99679512, FS-99679514, FS-99679515, and FS-99679516

Type of finding – Significant Deficiency

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

Questioned Cost:	\$0
U.S. Environmental Protection Agency	

The Water Development Board (Board) did not maintain adequate user access controls over its Labor Distribution system. Specifically, one employee had access rights as a high-level system administrator and as a system programmer, and that employee also had the ability to move programming changes into the production environment of the Labor Distribution system. A lack of segregation of duties in system access and allowing programmers to migrate code to the production environment increases the risk of inappropriate changes to systems.

Recommendation:

The Board should segregate the responsibilities for administrative tasks from programming tasks, and segregate the responsibilities for programming code from migrating code to the production environment.

Management Response and Corrective Action Plan:

Management concurs and has, beginning November 1, 2013, segregated the above referenced duties between three different individuals, as follows:

- *The programmer programs the code;*
- *The database administrator moves the code to production; and,*
- *The systems analyst performs system administrative duties.*

Implementation Date: November 1, 2013

Responsible Person: Wendy Brown

WATER DEVELOPMENT BOARD

Reference No. 2013-196

Subrecipient Monitoring

CFDA 66.458 – Capitalization Grants for Clean Water State Revolving Funds

Award year – September 5, 2012 to August 31, 2016

Award number – CS-48000212

Type of finding – Significant Deficiency and Non-Compliance

The Water Development Board (Board) is required by Office of Management and Budget (OMB) Circular A-133, Section 400(d), to identify to the subrecipient, at the time of the subaward, the federal award information, including the Catalog of Federal Domestic Assistance (CFDA) title and number, award name and number, whether the award is research and development, name of federal awarding agency, and applicable compliance requirements.

Questioned Cost:	\$0
U.S. Environmental Protection Agency	

For 1 (13 percent) of 8 subrecipients tested, the Board communicated an incorrect CFDA title and number to the subrecipient at the time of the subaward commitment. The Board provided documentation that it correctly identified the project in its internal documentation, but it could not provide evidence that it communicated the correct CFDA title and number to the subrecipient. Inadequate identification of federal awards could lead to improper reporting of federal funding on a subrecipient’s schedule of expenditures of federal awards.

Recommendation:

The Board should accurately communicate required award information, including the CFDA title and number, to all subrecipients and maintain evidence of that communication.

Management Response and Corrective Action Plan:

The Board agrees with the need to accurately communicate the subrecipient’s CFDA title and number. Management believes the incorrect CFDA title and number referenced above to be an isolated incident which was mainly caused by staff not using the appropriate agency template. As a corrective action plan, management has enhanced its quality control procedures by re-emphasizing (to staff) the need to utilize the appropriate template when issuing an award letter. In addition, management has stressed the need to take additional care in ensuring the accuracy of the CFDA title and number.

Implementation Date: January 22, 2014

Responsible Person: Carleton Wilkes

Summary Schedule of Prior Audit Findings

Federal Portion of
Statewide Single Audit Report

For the Year Ended August 31, 2013

Section II of II

Summary Schedule of Prior Year Audit Findings – Table of Contents

Prior Year Audit Findings – KPMG	
Aging and Disability Services, Department of	445
Health and Human Services Commission	446
Human Services, Department of	470
State Health Services, Department of	473
Office of the Attorney General	475
Texas Commission on Environmental Quality	476
Texas Education Agency	477
Texas Higher Education Coordinating Board	479
Texas Workforce Commission	482
University of Texas Southwestern Medical Center	484
Prior Year Audit Findings – Other Auditors	
Angelo State University	486
Lamar Institute of Technology	491
Prairie View A&M University	492
Public Safety, Department of	500
Sam Houston State University	543
Stephen F. Austin State University	544
Texas A&M AgriLife Research	545
Texas A&M International University	549
Texas A&M University	551
Texas Military Department	554
Texas Southern University	559
Texas State University	563
Texas Tech University	568
Texas Woman’s University	577
Transportation, Department of	579
University of Houston	591
University of Houston – Downtown	599
University of North Texas	601
University of Texas at Arlington	606
University of Texas at Austin	614
University of Texas at Dallas	622
University of Texas at El Paso	624
University of Texas Health Science Center at Houston	629
University of Texas Health Science Center at Tyler	633
University of Texas M.D. Anderson Cancer Center	634
University of Texas Medical Branch at Galveston	639
University of Texas at San Antonio	645
University of Texas Southwestern Medical Center	647
Water Development Board	648

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 2012 Schedule of Findings and Questioned Costs
- Each finding in the 2012 Summary Schedule of Prior Audit Findings that was not identified as implemented or reissued as a current year finding.

The Summary Schedule of Prior Audit Findings for the year ended August 31, 2013 has been prepared to address these responsibilities.

Department of Aging and Disability Services

Reference No. 13-01

Matching, Level of Effort & Earmarking

Medicaid Cluster

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

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

Type of finding – Significant Deficiency

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

Initial Year Written: 2012
Status: Partially Implemented

U.S. Department of Health and
Human Services

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

Corrective Action:

This finding was reissued as current year reference number: 2013-006.

Health and Human Services Commission

Reference No. 13-02

Eligibility

Special Tests and Provisions – Income Eligibility and Verification System

Special Tests and Provisions – Penalty for Refusal to Work

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

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

Medicaid Cluster

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

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

TANF Cluster

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

Award numbers – G1202TXTANF and G1102TXTANF

TANF Cluster – ARRA

Award years – October 1, 2011 to September 30, 2012

Award number – G1202TXTANF

Type of finding – Material Weakness and Non-Compliance

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

Initial Year Written: 2006
Status: Partially Implemented

U.S. Department of Health and Human Services

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

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

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

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

TIERS

Audit procedures included review of certain general and application level controls designed for TIERS along with review of selected case files, as noted below. The eligibility process does not enforce the respective eligibility decisions necessary to ensure clients are eligible and receive proper benefit amounts.

- Consistent with current HHSC policy, TIERS is not designed to enforce third-party verification for residency, or U.S. citizenship. HHSC's process should be improved by implementing automated controls to enforce third-party verifications. For example, a field for each is required to be populated; however, one of the choices is "client statement" which does not constitute third-party verification. Selection of self declaration through "client statement" allows the respective case file to proceed to the next step toward benefit issuance with no third-party verification. In limited circumstances (e.g., homeless person), self-declaration for residency is acceptable. However, in general circumstances, these three elements are required to be verified with a third party. Currently, state eligibility workers assess the validity and accuracy of the client's statement. Eligibility policy should be modified to enable TIERS to prohibit case workers from continuing towards benefit issuance until verification is obtained. A manual system override by a supervisor would be necessary in the limited circumstances where self-declaration is acceptable.
- TIERS interfaces with the Social Security Administration (SSA) to verify social security numbers. TIERS is designed so that a correct match of a client's social security number will populate a field noting the respective social security number has been verified. For social security numbers where a match is not successful, an alert is sent to the file for the case worker to investigate. However, TIERS is not designed nor are there manual controls to restrict benefits from being issued if the social security number has not been verified before the first recertification. HHSC's policy is to deny benefits after one year unless efforts are underway to obtain a social security number.
- Certain fields are noted as required on various screens within TIERS. Within a set of "logical unit of work" screens, a case worker is not able to advance to the next input screen without entering information into all the required fields. The system design requires case workers to pend from the "questions" page that precedes the logical unit of work when all of the required detail information is not available. However, once the case worker unpends the question page, they are committed to the logical unit of work. At this point, system design requires selected fields to be completed in order to advance to the remaining screens to enter information the caseworker has obtained. If the caseworker does not have the information for these required fields, "placeholder" information can be entered in order to advance to the screens. TIERS is not designed to pend these "placeholder" inputs nor does it require the case worker to return and validate the inputs.
- The design of TIERS does not provide an easily accessible case history for each case action, including changes made to the client's file. Therefore, when it is necessary to recreate eligibility determinations made at a certain point in time and to assess whether the benefits amounts were appropriate, users must view history on various screens and certain information for each recipient must be pulled from archive records located in the Data Collections Table in the database. Associated database time and date stamps are also required to recreate the case history.
- The design of TIERS does not allow the processing of various sanctions such as penalty for refusal to work, adult custodial parent of child under six when child care is not available, and child support non-cooperation through the Mass Update process in a timely manner. The Mass Update only processes requests with active EDGs. A case needs to be in "ongoing mode" versus "change mode" for changes to be implemented. When a case is in other than "ongoing mode" the sanctions are not processed timely. No compliance exceptions were noted for the Special Tests and Provisions – Penalty for Refusal to Work and Adult Custodial Parent of Child Under Six When Child Care Not Available compliance requirements noted above.
- The TANF requirements include "A state may not use funds to provide cash assistance to an individual during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to place of residence in order to simultaneously receive assistance from two or more states under TANF, Title XIX or the Food Stamp Act of 1977, or benefits in two or more states under the supplemental security income program under Title XVI of the Social Security Act." HHSC does not have a process to enforce the requirement unless HHSC-OIG is involved in a court case related to a fraudulent statement or representation with respect to place of residence.

HEALTH AND HUMAN SERVICES COMMISSION

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

	<u>TANF</u>	<u>Medicaid</u>
Number of files reviewed	80	78
Benefits paid to/on behalf of households reviewed for selected months	\$ 27,128	4,646
Number of files with over (under) payments***	-	NA
Total calculated overpayments	\$ -	NA
Total calculated (underpayments)	\$ -	NA
Number of files with insufficient documentation**	3	1
Benefits associated with files with insufficient documentation for selected months*	\$ 524	0

- * Eligibility and/or accuracy of benefits received could not be verified due to lacking supporting documentation.
- ** Certain files included both over/under payments and insufficient documentation. Those files are reflected once in the summary as files with insufficient documentation.
- *** Documentation in the file does not match the information used in the calculation.

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

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

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

SAVERR

For the period September 2011 through April 2012, audit procedures included review of certain general and application level controls designed for SAVERR along with review of selected case files, as noted below. The following were noted with regard to the general IT control procedures performed:

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

With full update access, the user ID can be used to provide system access to add, update, or delete data such as pricing data or eligibility data in SAVERR. The complexity of the databases and associated systems is such that personnel without in-depth knowledge of specific applications and schema could not perform changes without detection through either end-user identification of errors or problems occurring in operation.

However, sophisticated users or contractors, especially those with broad HHSC enterprise skills and experience, might have the knowledge to violate the requirement for appropriate segregation of duties. Users or contractors with excessive rights to modify pricing, eligibility, and other tables across the enterprise create a risk of unauthorized changes to the production environment and/or a risk of unintentional errors or omissions in processing.

HEALTH AND HUMAN SERVICES COMMISSION

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

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

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

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

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

- * Eligibility and/or accuracy of benefits received could not be verified due to lack of supporting documentation.
- ** Certain files included both over/under payments and insufficient documentation. Those files are reflected once in the summary as files with insufficient documentation.
- *** Documentation in the file does not match the information used in the calculation.

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

Summary

The following analysis provides perspective for the above programs:

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

HEALTH AND HUMAN SERVICES COMMISSION

Corrective Action:

This finding was reissued as current year reference number: 2013-012.

Reference No. 13-03

Eligibility

Special Tests and Provisions – ADP System for SNAP

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

SNAP Cluster

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

Award numbers – 6TX400405, 6TX430145, 6TX400105, and 6TX400205

Type of finding – Material Weakness and Material Non-Compliance

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

Initial Year Written:	2006
Status:	Partially Implemented
U.S. Department of Agriculture	

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

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

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

- Completed and signed an application for benefits with eligibility determined at least every six months for SNAP (7 CFR 273.10(f)).
- Be a Texas resident. Verification is required for SNAP per 7 CFR 273.2(f)(1)(vi).
- Be a U.S. citizen or non-citizen in certain recognized categories. Verification is required for SNAP if receiving cash TANF benefits based on TANF State Policy.
- Meet certain resource and income limits, which vary by eligibility group, including proof of unemployment. Verification is required by State Policy and additionally SNAP verification of “gross non-exempt income” is required by 7 CFR 273.2(f)(i).
- Social security number. Verification of social security numbers is required for SNAP by State Policy and 7 CFR 273.2(f)(1)(v).

TIERS

Audit procedures included review of certain general and application level controls designed for TIERS along with review of selected case files, as noted below. The eligibility process does not enforce the respective eligibility decisions necessary to ensure clients are eligible and receive proper benefit amounts.

HEALTH AND HUMAN SERVICES COMMISSION

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

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

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

* Eligibility and/or accuracy of benefits received could not be verified due to lacking supporting documentation.
 ** Certain files included both over/under payments and insufficient documentation. Those files are reflected once in the summary as files with insufficient documentation.
 *** Documentation in the file does not match the information used in the calculation.

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

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

SAVERR

For the period September 2011 through April 2012, audit procedures included review of certain general and application level controls designed for SAVERR along with review of selected case files, as noted below. The following were noted with regard to the general IT control procedures performed:

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

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

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

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

HEALTH AND HUMAN SERVICES COMMISSION

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

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

- * Eligibility and/or accuracy of benefits received could not be verified due to lack of supporting documentation.
- ** Certain files included both over/under payments and insufficient documentation. Those files are reflected once in the summary as files with insufficient documentation.
- *** Documentation in the file does not match the information used in the calculation.

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

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

Summary

The following analysis provides perspective:

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

Corrective Action:

This finding was reissued as current year reference number: 2013-012.

HEALTH AND HUMAN SERVICES COMMISSION

Reference No. 13-04

Eligibility

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

CFDA 93.767 – Children’s Health Insurance Program

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

Award numbers – 1205TX5021 and 1105TX5021

Type of finding – Significant Deficiency and Non-Compliance

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

Initial Year Written:	2006
Status:	Implemented
U.S. Department of Health and Human Services	

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

For forty files reviewed receiving CHIP, one file was found to have an incomplete application on file where the child found eligible for CHIP benefits was not listed on the application for benefits. The application was pre-populated by the eligibility system and the child in question was not included on the pre-populated application nor corrected by the case worker. This case was a Medicaid deem to CHIP. The benefits paid for this child for the fiscal year were approximately \$482.

Corrective Action:

Corrective action was taken.

Reference No. 13-05

Eligibility

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

Award years – October 1, 2011 to September 30, 2013; October 1, 2011 to September 30, 2012; October 1, 2010 to September 30, 2012; and October 1, 2010 to September 30, 2011

Award numbers – 1202TXCMAR, 1201TXRRSS, 1101TXCMAR, 1101TXRRSS, 10AATX6100, and 09AATX6100

Type of finding – Material Weakness and Material Non-Compliance

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

Initial Year Written:	2012
Status:	Partially Implemented
U.S. Department of Health and Human Services	

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

- *Refugee Cash Assistance (RCA)* – monthly cash benefits for refugees who do not meet the eligibility requirements of the Temporary Assistance for Needy Families (TANF) or Supplemental Security Income (SSI) programs.

HEALTH AND HUMAN SERVICES COMMISSION

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

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

- Have either refugee, asylee, entrant, or Amerasian documented status (45 CFR section 400.43).
- Not eligible for Medicaid or CHIP but currently receive RCA (45 CFR section 400.100(d)).
- Have resided in the U.S. less than eight months determined by the Office of Refugee Resettlement (ORR) Director in accordance with 45 CFR section 400.211 (45 CFR section 400.53).
- Determined ineligible for the Medicaid program or CHIP (45 CFR section 400.100(a)(1)).
- Meet the State’s Medicaid medically needy financial eligibility standards or a financial eligibility standard established at 200 percent of the national poverty level (45 CFR section 400.101(a)).
- Are not full-time students in institutions of higher education, unless the State has approved their enrollment as part of the refugee’s employability plan under 45 CFR section 400.79 or a plan for an unaccompanied minor in accordance with 45 section CFR 400.100(a).

TIERS

Audit procedures included review of certain general and application level controls designed for TIERS along with review of selected case files, as noted below. The eligibility process does not enforce the respective eligibility decisions necessary to ensure clients are eligible and receive proper benefit amounts.

- Consistent with current HHSC policy, TIERS is not designed to enforce third-party verification for residency, or U.S. citizenship. HHSC’s process should be improved by implementing automated controls to enforce third-party verifications. For example, a field for each is required to be populated; however, one of the choices is “client statement” which does not constitute third-party verification. Selection of self declaration through “client statement” allows the respective case file to proceed to the next step toward benefit issuance with no third-party verification. In limited circumstances (e.g., homeless person), self-declaration for residency is acceptable. However, in general circumstances, these three elements are required to be verified with a third party. Currently, state eligibility workers assess the validity and accuracy of the client’s statement. Eligibility policy should be modified to enable TIERS to prohibit case workers from continuing towards benefit issuance until verification is obtained. A manual system override by a supervisor would be necessary in the limited circumstances where self-declaration is acceptable.
- Certain fields are noted as required on various screens within TIERS. Within a set of “logical unit of work” screens, a case worker is not able to advance to the next input screen without entering information into all the required fields. The system design requires case workers to pend from the “questions” page that precedes the logical unit of work when all of the required detail information is not available. However, once the case worker unpends the question page, they are committed to the logical unit of work. At this point, system design requires selected fields to be completed in order to advance to the remaining screens to enter information the caseworker has obtained. If the caseworker does not have the information for these required fields, “placeholder” information can be entered in order to advance to the screens. TIERS is not designed to pend these “placeholder” inputs nor does it require the case worker to return and validate the inputs.
- The design of TIERS does not provide an easily accessible case history for each case action, including changes made to the client’s file. Therefore, when it is necessary to recreate eligibility determinations made at a certain point in time and to assess whether the benefits amounts were appropriate, users must view history on various screens and certain information for each recipient must be pulled from archive records located in the Data Collections Table in the database. Associated database time and date stamps are also required to recreate the case history.

SAVERR

For the period September 2011 through April 2012, audit procedures included review of certain general and application level controls designed for SAVERR along with review of selected case files, as noted below. The following were noted with regard to the general IT control procedures performed.

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

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

Users or contractors with excessive rights to modify pricing, eligibility, and other tables across the enterprise create a risk of unauthorized changes to the production environment and/or a risk of unintentional errors or omissions in processing.

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

Summary of Files Reviewed

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

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

Corrective Action:

This finding was reissued as current year reference number: 2013-012.

HEALTH AND HUMAN SERVICES COMMISSION

Reference No. 13-06

Allowable Costs/Cost Principles

Program Income

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

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

Award years – October 1, 2011 to September 30, 2013; October 1, 2011 to September 30, 2012; October 1, 2010 to September 30, 2012; and October 1, 2010 to September 30, 2011

Award numbers – 1202TXCMAR, 1201TXRRSS, 1101TXCMAR, 1101TXRRSS, 10AATX6100, and 09AATX6100

CFDA 93.767 – Children’s Health Insurance Program

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

Award numbers – 1205TX5021 and 1105TX5021

Medicaid Cluster

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

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

Type of finding – Significant Deficiency

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

Initial Year Written:	2006
Status:	Implemented
U.S. Department of Health and Human Services	

The Health and Human Services Commission (HHSC) utilizes the Affiliated Computer Services (ACS) DRAMS application to validate and bill drug manufacturers for rebates and the OS+ application to construct drug coverage rules related to payment for pharmacy services.

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

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

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

General controls over the information technology environment should be operating effectively to help ensure the proper functioning of the pharmacy systems. No compliance exceptions for vendor drug expenses were noted related to the allowable costs/cost principles and program income related to CFDA 93.767 – Children’s Health Insurance Program. No compliance exceptions for vendor drug expenses were noted related to the allowable costs/cost principles related to CFDA 93.566 – Refugee and Entrant Assistance – State-Administered Programs. No compliance exceptions for vendor drug expenses were noted related to the allowable costs/cost principles for Medicaid Cluster but see finding 13-08 for exceptions noted for Medicaid Cluster program income.

Corrective Action:

Corrective action was taken.

Reference No. 13-07

Matching, Level of Effort, and Earmarking

CFDA 93.767 – Health Insurance Program

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

Award numbers – 1205TX5021 and 1105TX5021

Type of finding – Significant Deficiency and Non-Compliance

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

Initial Year Written:	2012
Status:	Partially Implemented
U.S. Department of Health and Human Services	

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

HHSC utilizes Xerox State Healthcare LLC (operating as Xerox Pharmacy) as the Pharmacy Claims and Rebate Administrator for the Vendor Drug Program. Xerox Pharmacy became the vendor drug service provider in November 2010. HHSC utilizes the FMAP rate in effect for the payment date. CHIP claims were paying based on service date instead of payment date; hence, an incorrect matching rate was applied. Xerox Pharmacy and HHSC were unable to quantify the necessary adjustment prior to the issuance of the report.

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

Corrective Action:

This finding was reissued as current year reference number: 2013-013.

HEALTH AND HUMAN SERVICES COMMISSION

Reference No. 13-08

Program Income

Medicaid Cluster

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

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

Type of finding – Significant Deficiency and Non-Compliance

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

Initial Year Written: 2012
Status: Partially Implemented

U.S. Department of Health and
Human Services

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

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

Corrective Action:

This finding was reissued as current year reference number: 2013-014.

Reference No. 13-09

Reporting

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

Award years – October 1, 2011 to September 30, 2013; October 1, 2011 to September 30, 2012; October 1, 2010 to September 30, 2012; and October 1, 2010 to September 30, 2011

Award numbers – 1202TXCMAR, 1201TXRRSS, 1101TXCMAR, 1101TXRRSS, 10AATX6100, and 09AATX6100

Type of finding – Material Weakness and Material Non-Compliance

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

Initial Year Written: 2012
Status: No longer valid

U.S. Department of Health and
Human Services

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

The following items were noted:

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

Corrective Action:

ORR-11 report is no longer applicable to the aforementioned program per the 2013 OMB Compliance Supplement.

Reference No. 13-10

Special Tests and Provisions – Provider Eligibility

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

Medicaid Cluster

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

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

Type of finding – Significant Deficiency and Material Non-Compliance

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

Initial Year Written:	2007
Status:	Partially Implemented
U.S. Department of Health and Human Services	

A sample of fifty providers receiving Medicaid payments during fiscal year 2012 was selected for review and twenty-one files were noted to have the following exceptions. Of the twenty-one files with exceptions, twenty files were enrolled prior to fiscal year 2004 when the Health and Human Services Commission (HHSC) contracted with their current vendor who operates under current HHSC policies and procedures.

- For twenty providers, a search to ensure the provider was not on the Medicaid exclusion list was not conducted at the time of enrollment.
- For sixteen providers, the file had a Provider Agreement available for review but a signed and notarized copy of the Provider Information Form was not available.
- For six providers, there was no signed disclosure of ownership and control interest statement available for review.

Corrective Action:

This finding was reissued as current year reference number: 2013-018.

Reference No. 13-11

Special Tests and Provisions – EBT Card Security

SNAP Cluster

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

Award numbers – 6TX400105, 6TX400405, 6TX430145, 6TX400205, and 6TX400105

Type of finding – Significant Deficiency and Material Non-Compliance

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

Initial Year Written:	2012
Status:	Partially Implemented
U.S. Department of Agriculture	

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

Corrective Action:

This finding was reissued as current year reference number: 2013-019.

Reference No. 13-12

Special Tests and Provisions – Child Support Non-Cooperation

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

TANF Cluster

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

Award numbers – G1202TXTANF and G1102TXTANF

TANF Cluster – ARRA

Award year – October 1, 2011 to September 30, 2012

Award number – G1202TXTANF

Type of finding – Significant Deficiency and Non-Compliance

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

Initial Year Written:	2006
Status:	Implemented
U.S. Department of Health and Human Services	

The design of TIERS does not allow the processing of various sanctions such as penalty for refusal to work, adult custodial parent of child under six when child care is not available, and child support non-cooperation through the Mass Update process in a timely manner. The Mass Update only processes requests with active EDGs. A case needs to be in “ongoing mode” versus “change mode” for changes to be implemented. When a case is in other than “ongoing mode” the sanctions are not processed timely.

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

Corrective Action:

Corrective action was taken.

Reference No. 13-13

Reporting

(Prior Audit Issues - 12-12)

CFDA 93.767 – Children’s Health Insurance Program

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

Award numbers – 1205TX5021 and 1105TX5021

Medicaid Cluster

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

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

Type of finding – Significant Deficiency and Non-Compliance

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

Initial Year Written:	2011
Status:	Implemented
U.S. Department of Health and Human Services	

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

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

Corrective Action:

Corrective action was taken.

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

Reference No. 13-14

Allowable Costs/Cost Principles

CFDA 93.667 – Social Services Block Grant

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

Award numbers – G1201TXS0SR, G1101TXS0SR, and G1001TXS0SR

CFDA 93.767 – Children’s Health Insurance Program

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

Award numbers – 1205TX5021 and 1105TX5021

CFDA 93.959 – Block Grants for Prevention and Treatment of Substance Abuse

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

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

Medicaid Cluster

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

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

Non-Major Programs:

CFDA 93.958 – Block Grants for Community Mental Health Services

Type of finding – Material Weakness

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

Initial Year Written:	2012
Status:	Partially Implemented
U.S. Department of Health and Human Services	

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

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

These tasks are:

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

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

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

Corrective Action:

This finding was reissued as current year reference number: 2013-021.

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

Reference No. 13-15

Subrecipient Monitoring

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

Award years – October 1, 2011 to September 30, 2013; October 1, 2011 to September 30, 2012; October 1, 2010 to September 30, 2012; and October 1, 2010 to September 30, 2011

Award numbers – 1202TXCMAR, 1201TXRRSS, 1101TXCMAR, 1101TXRRSS, 10AATX6100, and 09AATX6100

Type of finding – Material Weakness and Material Non-Compliance

The Health and Human Services Commission (HHSC) passes through federal funds to subrecipients to carry out the objectives of the refugee and entrant assistance program (CFDA 93.566). HHSC is required by OMB Circular A-133, Section .400, to monitor subrecipients to ensure compliance with Federal rules and regulations, as well as the provisions of the contracts or grant agreements. According to OMB Circular A-133, HHSC must assure that subrecipients expending Federal funds in excess of \$500,000 have an OMB Circular A-133 Single Audit performed and provide a copy of the auditor’s report to HHSC within nine months of the subrecipient’s fiscal year. HHSC is to review the report and issue a management decision within six months, if applicable.

Initial Year Written: 2012
Status: Partially Implemented

U.S. Department of Health and Human Services

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

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

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

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

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

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

2012 Recommendation:

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

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

2012 Management Response and Corrective Action Plan – HHSC:

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

HEALTH AND HUMAN SERVICES COMMISSION

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

2012 Management Response and Corrective Action Plan – DSHS:

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

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

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

2013 Update and Recommendation:

DSHS – DSHS modified the Statement of Work in the 2013 contracts for all subcontractors to include a requirement to check for Medicaid/CHIP eligibility if the medical screening is not done within 90 days of arrival. Also, the onsite monitoring tool and tri- annual desk reviews were updated to include review of this eligibility for those individuals not meeting the 90 day requirement. However, no on-site reviews were done in fiscal year 2013 and the updated tri-annual desk review was not implemented until June 1, 2013. DSHS should continue with their plan to execute in fiscal year 2014.

HHSC – HHSC issued contract amendments and revised their monitoring tools to include the required elements of the program such as allowability of costs and eligibility of full-time students. HHSC also utilized their risk assessment process in their on-site review selections. However these revisions were implemented toward the end of fiscal year 2013. HHSC should continue with their plan to execute in fiscal year 2014.

2013 Management Response and Corrective Action Plan – DSHS:

DSHS began using the updated desk review tool on June 1, 2013 and will continue using this tool for all tri-annual desk reviews. In addition, DSHS program review schedule for FY '14 has been developed with the first review slated for February 25-27, 2014. The updated review tool will be used for these reviews.

*Implementation Dates: Use of the revised tool on Tri-Annual desk reviews began June 1, 2013.
Use of the revised tool for On-Site reviews will begin with our first scheduled review February 25-27, 2014.*

Responsible Persons: Jessica Montour and April Bowen

2013 Management Response and Corrective Action Plan – HHSC:

HHSC implemented revisions to its monitoring tools and procedures in late fiscal year 2013 and determined that a reduction in the number of months selected for monitoring during the fiscal year was appropriate based on an assessment of risk. HHSC is continuing to use all revised monitoring procedures and considers all corrective action to be fully implemented.

Implementation Date: September 2013

Responsible Person: Caitriona Lyons

Health and Human Services Commission
Department of Family and Protective Services

Reference No. 12-13

Eligibility

(Prior Audit Issue - 11-10)

CFDA 93.667 – Social Services Block Grant

Award year – October 1, 2008 to September 30, 2010

Award number – G0901TXSOS2

Type of finding – Material Weakness and Scope Limitation

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

Initial Year Written:	2010
Status:	Implemented
U.S. Department of Health and Human Services	

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

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

Corrective Action:

Corrective action was taken.

Department of Human Services

Reference No. 02-23

Allowable Costs/Cost Principles/Auto-Eligibility Approval by FEMA

CFDA 83.543 – Individual Family Grants (FEMA)

Type of finding – Non-Compliance

In an effort to expedite assistance, FEMA automated the awarding process for selected individuals affected by Tropical Storm Allison. When caseworkers (both Federal and DHS employees) visit sites and perform inspections, their case files are loaded into NEMIS, FEMA's computer system. If the case file passed established threshold checks, approval was automatic and the award was transferred by DHS' computer system into the nightly batch of warrants requested from the State Treasury. For the files that were not auto approved, DHS personnel worked the files and when approval was given, they too were transferred into the nightly batch of warrant requests.

Initial Year Written: 2001
Status: Partially Implemented

Federal Emergency
Management Agency

FEMA has quality control procedures in place to monitor disasters. During the performance of these procedures, FEMA discovered that over payments were made to the auto approved (i.e., no DHS involvement) eligible recipients. The recipients were eligible for grant funds but the calculation of the amount was incorrect. FEMA has established an IFG Recoupment Process which includes reviewing 3,029 auto-approved files. Per their review, FEMA noted 814 over awards or a 27% error rate due to a FEMA programming error. The estimated dollars with those 814 files is \$1,835,207. These files were considered to be high-risk by FEMA (i.e., based on the nature of the programming error). DHS estimates that about 36,715 files were auto approved and the average claim per file is \$5,014.

Recommendation:

DHS is currently involved with FEMA assisting with the resolution of these over awards. The weekly Situation Reports published by FEMA include the current status of the Recoupment Process. DHS should continue to monitor FEMA's process.

Management Response and Corrective Action Plan 2003:

IFG personnel worked with FEMA personnel throughout fiscal year 2002 to identify cases and recoup Federal and State funds from Tropical Storm Allison. The State and FEMA are currently discussing the management and monitoring of recoupment cases. IFG is manually testing as many cases as possible related to Disaster 1425 that are auto-approved by NEMIS. As amounts that should be recouped are identified, the case is placed in the NEMIS recoupment queue. At present, there are about 700 cases representing \$1,624,000 in debt collection at FEMA's disaster finance center, of which approximately \$44,000 has been collected as of August 2003. Discussion is being held with U.S. Department of Treasury (IRS) regarding collection of these outstanding amounts.

Management Response and Corrective Action Plan 2004:

There are about 700 cases with overpayments of approximately \$1,617,000 being pursued by FEMA and the U.S. Department of Treasury. As of February 2005, approximately \$78,000 total has been returned. The U.S. Department of Treasury has begun turning cases over to private collection agencies.

Management Response and Corrective Action Plan 2005:

FEMA and HHSC staff continues to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the

HUMAN SERVICES, DEPARTMENT OF

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 has been recouped, consisting of \$152,229 in interest and \$321,433 in principal.

Management Response and Corrective Action Plan 2006:

FEMA and HHSC staffs continue to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of January 19, 2007, a total of \$363,779 in principal has been collected.

Management Response and Corrective Action Plan 2007:

FEMA and HHSC staffs continue to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of January 31, 2008, a total of \$425,878 in principal has been collected.

Management Response and Corrective Action Plan 2008:

FEMA and HHSC staffs continue to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of December 31, 2008, a total of \$483,535 in principal has been collected.

Management Response and Corrective Action Plan 2009:

FEMA and HHSC staffs continue to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of December 31, 2009, a total of \$514,141 in principal has been collected.

Management Response and Corrective Action Plan 2010:

FEMA and HHSC staff continues to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of December 31, 2010, a total of \$591,587 in principal has been collected.

Management Response and Corrective Action Plan 2011:

FEMA and HHSC staff continues to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of December 31, 2011, a total of \$584,131 in principal has been collected.

Management Response and Corrective Action Plan 2012:

FEMA and HHSC staff continues to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of December 5, 2012, a total of \$469,032 in principal has been collected. The reduced amount is a result of a refund returned back to the state in the amount of \$147,896.

Management Response and Corrective Action Plan 2013:

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 21, 2014, a total of \$639,017 in principal has been collected.

Implementation Date: On-going

Responsible Person: Gina Marie Muniz

Department of State Health Services

Reference No. 13-16

Allowable Costs/Cost Principles

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

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

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

(Prior Audit Issues - 12-20, 11-32, 10-47, 09-30, 08-25, and 07-31)

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

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

Award number – 6TX700506

Type of finding – Significant Deficiency

The Department of State Health Services (DSHS) utilizes the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) Electronic Benefit Transfer (EBT), or Lone Star cards, system to process the transactions for WIC. Until July 16, 2012, developers had access to migrate changes to the production environment. Access to migrate changes to the production environment should be restricted appropriately based on job function to help ensure adequate internal controls are in place and appropriate segregation of duties exist. In general, programmers should not have access to migrate changes to the production environment.

Initial Year Written:	2006
Status:	Implemented
U.S. Department of Agriculture	

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

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

Corrective Action:

Corrective action was taken.

Reference No. 13-17

Reporting

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

Award years – January 1, 2012 to September 30, 2013 and October 1, 2011 to September 30, 2012

Award numbers – 6TX700526 and 6TX700506

Type of finding – Significant Deficiency and Non-Compliance

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

Initial Year Written:	2012
Status:	Partially Implemented
U.S. Department of Agriculture	

STATE HEALTH SERVICES, DEPARTMENT OF

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

WIC Award 6TX700506

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

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

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

WIC Award 6TX700526

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

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

Corrective Action:

This finding was reissued as current year reference number: 2013-025.

Office of the Attorney General

Reference No. 13-18

Allowable Costs/Cost Principles

CFDA 93.563 – Child Support Enforcement

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

Award numbers – 1204TX4005 and 1104TX4004

Medicaid Cluster

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

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

Type of finding – Significant Deficiency and Non-Compliance

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

Initial Year Written: 2012
Status: Partially Implemented

U.S. Department of Health and
Human Services

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

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

Corrective Action:

This finding was reissued as current year reference number: 2013-023.

Texas Commission on Environmental Quality

Reference No. 13-19

Allowable Costs/Cost Principles

Period of Availability of Federal Funds

CFDA 66.605 – Performance Partnership Grants

Award year – September 1, 2011 to August 31, 2013

Award number – 99662712

Type of finding – Significant Deficiency and Material Non-Compliance

In accordance with OMB Circular A-87, Attachment B, where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation unless a statistical sampling system or other substitute system has been approved by the cognizant federal agency. Employees who work under multiple grants or cost objectives must prepare time and effort reports, at least monthly, to coincide to pay periods. Such reports must reflect an after-the-fact distribution of 100% of the actual time spent on each activity and must be signed by the employee.

Initial Year Written:	2012
Status:	Implemented
Environmental Protection Agency	

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

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

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

Corrective Action:

Corrective action was taken.

Texas Education Agency

Reference No. 13-20

Eligibility for Subrecipients

Matching, Level of Effort, and Earmarking

Reporting

Subrecipient Monitoring

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

Special Tests and Provisions – Developing and Implementing Improvement Plans

Special Tests and Provisions – Carryover

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

CFDA 84.048 – Career and Technical Education – Basic Grants to States

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

Award numbers – V048A110043, V048A100043, and V048A090043

CFDA 84.287 – Twenty-First Century Community Learning Centers

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

Award numbers – S287C110044, S287C100044, and S287C090044

CFDA 84.365 – English Language Acquisition Grants

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

Award numbers – S365A110043, S365A100043, and S365A090043A

CFDA 84.367 – Improving Teacher Quality State Grants

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

Award numbers – S367A110041, S367A100041, and S367A090041

CFDA 84.410 – Education Jobs Fund

Award year – August 10, 2010 to September 30, 2012

Award number – S410A100044

School Improvement Grants Cluster

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

Award numbers – S377A110044, S377A100044, S377A090044, and S377A080044

School Improvement Grants Cluster – ARRA

Award year – February 17, 2009 to September 30, 2013

Award number – S388A090044

Special Education Cluster (IDEA)

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

Award numbers – H027A110008, H173A11004, H027A100008, H173A100004, H027A090008, and H173A090004

Special Education Cluster (IDEA) – ARRA

Award year – February 17, 2009 to September 30, 2011

Award numbers – H392A090004 and H391A090008A

Title I – Part A Cluster

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

Award numbers – S010A110043A, S010A1000043, and S010A090043A

Title I – Part A Cluster – ARRA

Award year – February 17, 2009 to September 30, 2011

Award number – S389A090043A

Type of finding – Significant Deficiency

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

Initial Year Written:	2009
Status:	Partially Implemented
U.S. Department of Education	

- Developers have access to deploy code changes into the PEIMS production environment. A shared generic user ID on the PEIMS production application servers is accessible by TEA employees.
- Excessive generic shared administration accounts exist on the PEIMS production servers and database, some of which have been dormant for over a year.

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

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

Corrective Action:

This finding was reissued as current year reference number: 2013-030.

Texas Higher Education Coordinating Board

Reference No. 13-21

Cash Management

Period of Availability of Federal Funds

Reporting

Subrecipient Monitoring

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

CFDA 84.048 – Career and Technical Education – Basic Grants to States

Award year – July 1, 2011 to September 30, 2012

Award number – 1242020671200001

Type of finding – Significant Deficiency

The Texas Higher Education Coordinating Board (THECB) utilizes an application known as MIP as their general ledger. One developer has access to migrate changes to the production environment. Access to migrate changes to the production environment should be restricted appropriately based on job function to help ensure adequate internal controls are in place and appropriate segregation of duties exist. In general, programmers should not have access to migrate changes to the production environment.

Initial Year Written:	2009
Status:	Implemented
U.S Department of Education	

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

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

Corrective Action:

Corrective action was taken.

Reference No. 13-22

Reporting

- Special Tests and Provisions – Individual Record Review**
- Special Tests and Provisions – Interest Benefits**
- Special Tests and Provisions – Special Allowance Payments**
- Special Tests and Provisions – Enrollment Reports**
- Special Tests and Provisions – Payment Processing**
- Special Tests and Provisions – Due Diligence by Lenders in the Collection of Delinquent Loans**
- Special Tests and Provisions – Timely Claim Filings by Lenders or Servicers**
- Special Tests and Provisions – Curing Due-Diligence and Timely Filing Violations**

(Prior Audit Issue – 12-29 and 11-39)

CFDA 84.032L – Federal Family Education Loans (FFEL) – Lenders

Award year – July 1, 2011 to June 30, 2012

Award number – CFDA 84.032L Award Number Not Applicable

Type of finding – Significant Deficiency and Non-Compliance

System administrator privileges should be restricted appropriately based on job function to help ensure adequate internal controls are in place and segregation of duties exist. The Federal Family Education Loan (FFEL) program at Texas Higher Education Coordinating Board (THECB) utilizes two applications for data processing – HELMS is the key application and HELMNET acts as the interface from external sources into HELMS.

Initial Year Written:	2010
Status:	Implemented
U.S. Department of Education	

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

Additionally, forty-nine of the Team for Texas employees had knowledge of the root account password on the HELMS AIX production server. System admin privileges on the HELMS AIX production server are granted primarily through SUDO access as opposed to sharing the root password. SUDO access is a more secure and sustainable alternative to password knowledge that allows access to be revoked as needed on a case-by-case basis for off-boarded staff, and does not require the root password to be changed. As of August 31, 2012, access to the root account password is appropriately restricted to THECB and Xerox employees.

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

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

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

During testing for Curing Timely Filing Violations, one individual’s loans were reported on the Principal of Loans Cured line (line six) of Part IV of the LaRS report during the quarters ending September 30, 2011, December 31,

2011, and March 31, 2012. However, the loans for this individual were actually cured on December 13, 2010. Therefore, the loans should have only been reported as a cure during the quarter ending December 31, 2010.

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

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

Corrective Action:

Corrective action was taken.

Texas Workforce Commission

Reference No. 13-23

Activities Allowed or Unallowed

Allowable Costs/Cost Principles

Cash Management

Matching, Level of Effort, and Earmarking

Period of Availability of Federal Funds

Reporting

Subrecipient Monitoring

Special Tests and Provisions – ARRA

Special Tests and Provisions – Penalty for Refusal to Work

Special Tests and Provisions – Adult Custodial Parent of Child under Six When Child Care Not Available

Special Tests and Provisions – Penalty for Failure to Comply with Work Verification Plan

(Prior Audit Issue - 12-31)

CCDF Cluster

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

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

Employment Services Cluster

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

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

TANF Cluster

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

Award numbers – G1202TXTANF and G1102TXTANF

TANF Cluster – ARRA

Award year – October 1, 2009 to September 30, 2010

Award number – G1001TXTAN2

WIA Cluster

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

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

WIA Cluster – ARRA

Award year – February 17, 2009 to June 30, 2011

Award number – AA-17150-08-55-A-48

Type of finding – Significant Deficiency

The Texas Workforce Commission (TWC) utilizes multiple systems in relation to the major programs noted above. The Cash Draw and Expenditure Reporting System (CDER) manages cash requests from subrecipients, the Integrated Statewide Accounting System (ISAS) is the general ledger, the PeopleSoft Human Resources Management System (HRMS) manages payroll, and the Contract Administration Tracking System (CATS) contains subrecipient contracting information. The State of Texas, including TWC, outsources portions of its information technology as required by HB 1516. The group of contractors was known as Team for Texas (i.e. IBM) from September 1, 2011 through April 2012. From May to August 31, 2012, Xerox was the Texas contractor.

Initial Year Written:	2011
Status:	Implemented
U.S. Department of Labor U. S. Department of Health and Human Services	

System administrator privileges should be restricted appropriately based on job function to help ensure adequate internal controls are in place and segregation of duties exist.

The following items were noted:

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

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

Corrective Action:

Corrective action was taken.

University of Texas Southwestern Medical Center

Reference No. 13-24
Davis-Bacon Act

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

When required by the Davis-Bacon Act, the Department of Labor’s (DOL) government-wide implementation of the Davis-Bacon Act, ARRA, or by Federal Program legislation, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by Federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the DOL (Title 40, United States Code (USC), Sections 3141-3144).

Initial Year Written:	2012
Status:	No longer valid
U.S. Department of Health and Human Services	

Non-federal entities shall include in construction contracts that are subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL regulations (Title 29, Code of Federal Regulations (CFR), Sections 5.5-5.6). In addition, contractors or subcontractors are required to submit to the non-federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (Title 29, CFR, Section 3.3-3.4). This reporting is often done using optional form WH-347, which includes the required statement of compliance (Office of Management and Budget No. 1215 – 0149).

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

Corrective Action:

The aforementioned program was substantially completed in fiscal year 2012 such that no construction expenses were incurred in fiscal year 2013.

Reference No. 13-25
Procurement

CFDA 93.702 – National Center for Research Resources, Recovery Act Construction Support - ARRA
Award year – March 4, 2010 to March 3, 2013
Award number – 1C06RR030414-01
Type of finding – Significant Deficiency and Non-Compliance

Section 1605 of the Recovery Act prohibits the use of Recovery Act funds for a project for the construction, alteration, maintenance, or repair of a public building or work unless all of the iron, steel and manufactured goods used in the project are produced in the United States. A provision regarding this requirement must be included in all Recovery Act-funded awards for construction, alteration, maintenance, or repair of a public building or public

Initial Year Written:	2012
Status:	No longer valid
U.S. Department of Health and Human Services	

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

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

The requirements for suspension and debarment are contained in OMB guidance 2 CFR part 180 which requires the non-Federal entity to perform a verification check for covered transactions, by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with the entity. Of the four procurements reviewed, three were for goods and services that exceeded \$25,000. Therefore, the suspension and debarment criteria were required. For one contract, the procurement file did not contain documentation to support compliance with suspension and debarment. Per review of the EPLS, the vendors were not suspended or debarred, so there are no questioned costs.

Corrective Action:

The aforementioned program was substantially completed in fiscal year 2012 such that no procurements occurred in fiscal year 2013.

Summary Schedule of Prior Year 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 2012 Schedule of Findings and Questioned Costs
- Each finding in the 2012 Summary Schedule of Prior Audit Findings that was not identified as implemented or reissued as a current year finding.

The Summary Schedule of Prior Audit Findings for the year ended August 31, 2013 has been prepared to address these responsibilities.

Angelo State University

Reference No. 12-104

Eligibility

Student Financial Assistance Cluster

Award year – July 1, 2010 to June 30, 2011

Award numbers – CFDA 84.033 P033A113956, CFDA 84.375 P375A112258, CFDA 84.376 P376S112258, CFDA 84.007 P007A113956, CFDA 84.268 P268K112258, CDFA 84.063 P063P112258, and CFDA 93.264 E10HP13020-01-00

Type of finding – Significant Deficiency and Non-Compliance

Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student’s cost of attendance (COA) minus the expected family contribution (EFC). The phrase “cost of attendance” refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087II).

Initial Year Written: 2011
Status: Partially Implemented

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

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student’s Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student’s financial need (Title 34, Code of Federal Regulations (CFR), Sections 673.5, 673.6, and 682.603).

A full-time student is defined as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. For an undergraduate student, an institution’s minimum standard must equal or exceed 12 semester hours. A half-time student is defined as an enrolled student who is carrying a half-time academic workload, as determined by the institution, which amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student (Title 34, CFR, Section 668.2).

Angelo State University (University) uses full-time COA budgets to determine COA for all students receiving financial assistance, regardless of each student’s actual or expected enrollment. As a result, for 4 (6.2 percent) of 65 students tested, the University based the students’ COA on full-time enrollment, although the students indicated that they would attend less than full-time. Using a full-time COA budget to estimate COA for students who attend less than full-time increases the risk of awarding financial assistance that exceeds financial need.

Because the University developed only full-time COA budgets to determine COA, auditors could not determine whether the students in the sample tested who were attending less than full-time were awarded financial assistance that exceeded their financial need for the 2010-2011 school year.

Recommendation:

The University should determine each student's COA and financial need based on the student's expected or actual enrollment.

Management Response and Corrective Action Plan 2011:

Management concurs with recommendations related to determination of eligibility for financial assistance specifically related to Cost of Attendance. Angelo State University will continue the practice of initially packaging student assistance based on projected fulltime enrollment. Manual procedures to subsequently update COA based on actual attendance will be implemented. Specifically, following the census date for fall or spring semester, Information Technology will provide a report to the Director of Financial Aid containing a list of students that are enrolled less than halftime. The Director will process the list, changing all affected students from the fulltime COA budgets to a less-than-halftime budget. Financial Aid Counselors will manually review each student for over-awards and correct the student's aid package to ensure the student's financial aid and need are correct. Since, summer semesters are packaged manually, students that have submitted a "summer supplemental application" will be reviewed by a Financial Aid Counselor to ensure students are placed in the correct COA budgets and ensure the student's financial aid and need are correct.

Management Response and Corrective Action 2012:

Given that financial aid packages are initially prepared prior to registration, Financial Aid ordinarily uses full-time COA budgets during this process. Financial Aid believes the best available enrollment data on which to base final COA budgets is actual attempted enrollment, available at census date. The Division of Information Technology is creating a report that will identify three groups of students: those enrolled less than half-time; those enrolled halftime; and those enrolled for between half- and full-time. For those students identified in each group, Financial Aid counselors will correct COA budgets based on the actual attempted enrollment as of the census date and repackage financial aid as necessary. Calendar reminders are set for September 15th for future fall semesters and February 15th for future spring semester to ensure the report is run and COA budgets and financial aid packages are adjusted timely.

Management Response and Corrective Action 2013:

Management is generating reports to identify students enrolled less than full time and awarded as full time. Once identified, these students have manual modifications made to their budgets and awards. Additionally, consulting services were contracted to assist the financial aid staff to develop and implement rules using algorithmic budgeting. This process will automate the adjustments to a student's budget and awards depending on their enrollment status. The Interim Director of Financial Aid is responsible for implementing the new process by January 15, 2014.

Implementation Date: January 15, 2014

Responsible Person: Rick Lasly

Satisfactory Academic Progress Policy

A student is eligible to receive Title IV, Higher Education Act (HEA) Program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that satisfy the provisions of Title 34, CFR, Section 668.16(e), and, if applicable, the provisions of Title 34,

CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)). An institution's satisfactory academic progress (SAP) policy should include a qualitative component that consists of grades, work projects completed, or comparable factors that are measurable against a norm, and a quantitative component that consists of a maximum time frame within which a student must complete his or her education (Title 34, CFR, Section 668.16(e)).

A student is making satisfactory progress when the student is enrolled in a program of study of more than two academic years and, therefore, is eligible to receive title IV, HEA program assistance after the second year, if, at the end of the second year, the student has a grade point average of at least a "C" or its equivalent, or has academic standing consistent with the institution's requirements for graduation (Title 34, CFR, Section 668.34 (a) (b)).

An institution may find that a student is making satisfactory progress even though the student does not satisfy the requirements related to quantitative and qualitative factors if the institution determines that the student's failure to meet those requirements is based upon the death of a relative of the student, an injury or illness of the student, or other special circumstances (Title 34, CFR, Section 668.16(e)). An institution's SAP policy must include specific procedures under which a student may appeal a determination that the student is not meeting SAP (Title 34, CFR, Section 668.16).

The University's SAP policy requires students to maintain a minimum grade point average based on their classification. Specifically, undergraduate students who have earned between 0 and 29 credit hours are required to maintain a GPA of 1.35; undergraduate students who have earned between 30 and 59 credit hours are required to maintain a GPA of 1.6; undergraduate students who have earned between 60 and 89 credit hours are required to maintain a grade point average of 1.8; and undergraduate students who have earned more than 90 credit hours are required to maintain a GPA of 1.9. Students at the University are required to have a cumulative GPA of 2.0 to graduate. Graduate students are required to have a GPA of 3.0. The University also has established limits on the maximum number of attempted hours students can earn toward their program of study, and it requires students to successfully complete 67 percent of their cumulative attempted hours (or 62 percent for students with fewer than 30 earned hours).

While the University has a process to receive and consider SAP appeals, its internal controls were not sufficient to ensure compliance with SAP requirements. Although the University maintained evidence that it had approved appeals for students in auditors' sample, it did not document its rationale for approving SAP appeals that a significant portion of its student population filed. Six (13.6 percent) of 44 students tested were not meeting the University's SAP requirements, and the University approved appeals for all six students. However, the University was not able to provide a rationale for its approval of those six students' appeals. Based on its documentation, the University determined that 1,566 students were not eligible for federal financial assistance during the 2010-2011 school year because they did not comply with its SAP policy. Of those 1,566 students, 530 appealed the University's determination that they were not eligible to receive financial assistance. The University denied only 2 (0.38 percent) of those 530 appeals.

The University's SAP policy states that an appeals committee reviews appeals to SAP determinations. However the SAP policy does not provide specific information on the methodology the University uses to evaluate appeals. Additionally, the University was not able to provide documented policies or procedures that detail the factors employees should consider in determining whether a student met the criteria required by Title 34, CFR, Section 668.16.

Not establishing and following specific procedures to evaluate students' compliance with its SAP policy increases the risk that the University could award Title IV assistance to students who may not be eligible.

Corrective Action:

Corrective action was taken.

General Controls

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

The University did not consistently maintain high-profile user accounts at the network, server, and application level. Specifically:

- Five high-profile user accounts on the network that were no longer needed were still active.
- Twelve individuals shared a generic high-profile user account, which does not allow for user accountability.
- One student worker had excessive access to awarding and packaging student financial assistance.
- Four former contractor staff had excessive, privileged access to the application and database servers. Additionally, one individual had excessive access to the database server.

Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems and does not allow for proper segregation of duties.

The University also did not maintain documented evidence of authorization, testing, and approval for changes to its systems. As a result, auditors were unable to determine whether system changes were authorized, tested, and approved prior to migration to the production environment.

Corrective Action:

Corrective action was taken.

Reference No. 12-105

Special Tests and Provisions – Disbursements To or On Behalf of Students

Student Financial Assistance Cluster

Award year – July 1, 2010 to June 30, 2011

Award numbers – CFDA 84.033 P033A113956, CFDA 84.375 P375A112258, CFDA 84.376 P376S112258, CFDA 84.007 P007A113956, CFDA 84.268 P268K112258, CDFA 84.063 P063P112258, and CFDA 93.264 E10HP13020-01-00

Type of finding – Significant Deficiency and Non-Compliance

Common Origination and Disbursement System Reporting

Institutions submit Pell and Direct Loan origination records and disbursement records to the Common Origination and Disbursement (COD) System. The disbursement record reports the actual disbursement date and the amount of the disbursement. The disbursement date and amount in the COD System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to students (Office of Management and Budget Circular A-133 Compliance Supplement, March 2011, Part 5, Student Financial Assistance Cluster, III.N.3, page 5-3-34).

Initial Year Written:	2011
Status: Implemented	
U.S. Department of Education U.S. Department of Health and Human Services	

For 6 (9.2 percent) of 65 students tested at Angelo State University (University), the disbursement date the University reported to the COD System did not match the actual disbursement date in the University's financial aid application, Banner. For those six students, the actual disbursement dates ranged between 1 and 143 days different from the dates the University reported to the COD System. University management asserted that a change in the COD System record format caused the University to submit incorrect disbursement dates to the COD System during the award year. However, the University did not resubmit disbursement records to the COD System

to correct that issue. As a result, users of the COD System information did not have accurate information regarding Pell Grant and Direct Loan disbursements for some of the University's disbursements.

General Controls

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

The University did not consistently maintain high-profile user accounts at the network, server, and application level. Specifically:

- Five high-profile user accounts on the network that were no longer needed were still active.
- Twelve individuals shared a generic high-profile user account, which does not allow for user accountability.
- One student worker had excessive access to awarding and packaging student financial assistance.
- Four former contractor staff had excessive, privileged access to the application and database servers. Additionally, one individual had excessive access to the database server.

Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems and does not allow for proper segregation of duties.

The University also did not maintain documented evidence of authorization, testing, and approval for changes to its systems. As a result, auditors were unable to determine whether system changes were authorized, tested, and approved prior to migration to the production environment.

Corrective Action:

Corrective action was taken.

Lamar Institute of Technology

Reference No. 11-101

Eligibility

Student Financial Assistance Cluster

Award year – July 1, 2009 to June 30, 2010

Award numbers – CFDA 84.007 P007A098695, CFDA 84.032 Award Number Not Applicable, CFDA 84.063 P063P095265, CFDA 84.375 P375A095265, CFDA 84.033 P033A098695, and CFDA 84.268 P268K105265

Type of finding – Significant Deficiency and Non-Compliance

Cost of Attendance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student’s cost of attendance (COA) minus the expected family contribution (EFC). The phrase “cost of attendance” refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” Institutions also may include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087II).

Initial Year Written:	2010
Status:	Partially Implemented
U.S. Department of Education	

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student’s Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal aid to ensure that total aid is not awarded in excess of the student’s financial need (Title 34, Code of Federal Regulations, Sections 673.5, 673.6, 682.603, and 685.301).

Lamar Institute of Technology (Institute) calculated COA incorrectly for 8 (13 percent) of 60 students tested. The Institute packages student assistance based on information contained in a student’s Free Application for Federal Student Aid (FAFSA) and subsequently updates the student’s COA and financial assistance disbursements based on actual attendance. However, the Institute did not consistently update the COA in its financial aid system. This increases the risk of overawarding funds or disbursing awards to ineligible students; however, although none of these eight students received an overaward.

Additionally, the Institute awarded 1 (2 percent) of 60 students tested an amount of assistance that exceeded the student’s documented COA by \$151. The Institute could not provide an explanation for the overaward.

Corrective Action:

This finding was reissued as current year reference number: 2013-101.

Prairie View A&M University

Reference No. 10-33

Eligibility

Student Financial Assistance Cluster

Award year – July 1, 2008 to June 30, 2009

Award numbers – CFDA 84.268 P268K092319, CFDA 84.063 P063P082319, CFDA 84.007 P007A084098, CFDA 84.033 P033A084098, CFDA 84.375 P375A082319, CFDA 84.376 P376S082319, CFDA 84.379 P379T082319, and CFDA 93.925 Award number Not Applicable.

Type of finding – Material Weakness and Non-Compliance

Budget Amounts

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

Initial Year Written: 2009
Status: Partially Implemented

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

When entering students' cost of attendance (COA) budgets into its financial aid system tables, the University included incorrect loan fee amounts for three budget groups. The University entered \$200, when the correct amount was \$100. This was limited to the following three budget groups: (1) student was a full-time undergraduate from out of state entering the University in the Spring semester; (2) student was a three-quarter time undergraduate in-state resident entering the University in the Spring semester; and (3) student was a full-time undergraduate from out of state entering the University for the Spring and Summer 1 semesters. A total of 42 students were affected by the incorrect cost of attendance budgets. As a result, the University included incorrect loan fee amounts within all Pell-based budgets that it reported to the U.S. Department of Education's *Common Origination and Disbursement* (COD) system. Reporting incorrect COA budgets could result in students being underawarded or overawarded financial assistance. None of the items tested resulted in incorrect award amounts.

Recommendation:

The University should review COA budget component amounts prior to packaging of student financial assistance to prevent errors in COA calculations.

Management Response and Corrective Action Plan 2009:

We agree with this finding. In order to prevent further occurrences, a report will be created to monitor yearly and semester loan fees to determine compliance. This report will then be reviewed by financial aid staff on a weekly basis.

Management Response and Corrective Action Plan 2010:

Management agrees with this audit recommendation and will review its Cost of Attendance (COA) process and develop a procedure that will prevent errors in COA calculations. This procedure will ensure a student's change status change is updated properly and will reflect the current status of students' satisfactory academic progress policy appeals.

Management Response and Corrective Action Plan 2011:

Financial Aid Management has generated system modifications that will control the cost of attendance from being adjusted manually.

Management Response and Corrective Action Plan 2012:

Management appreciates the efforts of the State Auditor's Office to identify issues needing improvement and cite steps necessary to ensure that improvement is achieved. We are committed to satisfactorily addressing these issues and have developed and enhanced procedures to address these issues.

Financial Aid management has revised the process for awarding Federal Supplemental Educational Opportunity Grant (FSEOG) awards. This process consists of the following elements: a flag has been set in the BANNER System to flag students who have not received the Pell Grant, which indicates the students are not eligible, for the FSEOG. The Financial Aid Program Analyst will run the Awarded FSEOG No Pell Report bi-weekly and provide it to the Reconciliation department, which will show any exceptions. The report will be reviewed by the Reconciliation Department and any inconsistencies will be resolved. This will include removing the FSEOG from the account. In addition, the Reconciliation Specialist will perform monthly reconciliation of all accounts.

Management Response and Corrective Action Plan 2013:

The Office of Student Financial Aid and Scholarships management has developed a COA spreadsheet that will be used to properly allocate the components of the COA to ensure accuracy of budget assignments for awarding financial assistance. The COA spreadsheet will be reviewed each academic year prior to awarding financial assistance and used as documentation to support COA allocations;

Implementation Date: March 31, 2014

Responsible Person: Joy D. Thomas

Awards of Pell Grants

The Federal Pell Grant Program awards grants to help financially needy students meet the cost of their post-secondary education (Title 34, Code of Federal Regulations, Section 690.1). In selecting among students for the Federal Pell Grant program, an institution must determine whether a student is eligible to receive a Federal Pell Grant for the period of time required to complete his or her first undergraduate baccalaureate course of study (Title 34, Code of Federal Regulations, Section 690.6(a)). For each payment period, an institution may pay a federal Pell Grant to an eligible student only after it determines that the student is enrolled in an eligible program as an undergraduate student (Title 34, Code of Federal Regulations, Section 609.75 (a)(2)). In selecting eligible students for Federal Supplemental Educational Opportunity Grant (FSEOG) awards in each award year, an institution must select those students with the lowest expected family contributions (EFC) who will also receive federal Pell Grants in that year (Title 34, Code of Federal Regulations, Section 676.10(a)).

Based on a review of the full population of student financial aid recipients, the University awarded FSEOG to three students who did not receive Pell Grants. These three students were eligible for Pell Grants, but incorrect changes to their student classification data in the University's financial aid system had removed their Pell Grant eligibility in error. The students' classification status was undergraduate when initially awarded, but the students' classification status changed to graduate and Pell funds were removed from the students' funding. When auditors brought this to the University's attention, the University corrected the three students' award packages so they would receive the Pell Grants to which they were eligible. The amount of the new Pell funds awarded totaled \$4,238.

Corrective Action:

Corrective action was taken.

Satisfactory Academic Progress Policy

A student is eligible to receive Title IV, Higher Education Act program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that satisfy the provisions of Title 34, Code of Federal Regulations (CFR), Section 668.16(e), and, if applicable, the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)). A student is making satisfactory progress if, at the end of the second year, the student has a grade point average of at least a "C" or its equivalent, or has academic standing consistent with the institution's requirements for graduation (Title 34, CFR, Section 668.34).

The University's satisfactory academic progress policy requires an undergraduate student receiving federal aid to (1) maintain a minimum 2.00 cumulative GPA, (2) successfully complete at least 75 percent of the student's credit hours, and (3) meet the student's degree objectives within 180 total attempted hours. If a student does not meet these requirements, the student may be placed on financial aid probation or financial aid suspension. If the student is placed under financial aid suspension, the student may appeal the suspension. All appeals that are denied could be awarded in error if the manual adjustment is not made to the automated system.

The University disbursed financial assistance to 1 (2.5 percent) of 40 students tested, even though that student did not meet the University's satisfactory academic progress policy. The University awarded the student a total of \$8,880 in assistance because the University did not manually adjust its automated system to reflect that the student's satisfactory academic progress appeal was denied. The University later detected this error and canceled the assistance, but it had already disbursed \$8,800 for the Spring semester to this student. The University cleared the student's account with the U.S. Department of Education after canceling the funds; therefore, there is no questioned cost associated with the error.

Recommendations:

The University should improve controls over the manual process used to update the financial aid system to reflect the current status of students' satisfactory academic progress policy appeals.

Management Response and Corrective Action Plan 2009:

We agree with this finding. In order to prevent further occurrences, a report will be created to monitor whether aid has been disbursed to students that do not meet the Satisfactory Academic Progress Policy. This report will then be reviewed by financial aid staff on a weekly basis.

Management Response and Corrective Action Plan 2010:

Management agrees with this audit recommendation and will review its Cost of Attendance (COA) process and develop a procedure that will prevent errors in COA calculations. This procedure will ensure a student's change status change is updated properly and will reflect the current status of students' satisfactory academic progress policy appeals.

Management Response and Corrective Action Plan 2011:

Financial Aid management has developed a Satisfactory Academic Committee that will monitor whether aid has been disbursed to students that do not meet the Satisfactory Academic Progress Policy. This committee will meet weekly or as needed.

Management Response and Corrective Action Plan 2012:

Management appreciates the efforts of the State Auditor's Office to identify issues needing improvement and cite steps necessary to ensure that improvement is achieved. We are committed to satisfactorily addressing these issues and have developed and enhanced procedures to address these issues.

Financial Aid management has revised the process for awarding Federal Supplemental Educational Opportunity Grant (FSEOG) awards. This process consists of the following elements: a flag has been set in the BANNER System to flag students who have not received the Pell Grant, which indicates the students are not eligible, for the FSEOG. The Financial Aid Program Analyst will run the Awarded FSEOG No Pell Report bi-weekly and provide it to the Reconciliation department, which will show any exceptions. The report will be reviewed by the Reconciliation Department and any inconsistencies will be resolved. This will include removing the FSEOG from the account. In addition, the Reconciliation Specialist will perform monthly reconciliation of all accounts.

Management Response and Corrective Action Plan 2013:

The Office of Student Financial Aid and Scholarships management has established a Satisfactory Academic Progress (SAP) appeals committee and will establish controls to monitor manual updates of SAP appeal decisions in Banner. In addition, documentation will be maintained to verify and support manual updates in addition to the corresponding SAP appeal decision in Banner on the RHACOMM and RRAAREQ screens.

Implementation Date: March 31, 2014

Responsible Person: Joy D. Thomas

COA Calculation

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's COA minus the expected family contribution (EFC). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." Institutions also may include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 108711).

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal aid to ensure that total aid is not awarded in excess of the student's financial need (Title 34, Code of Federal Regulations, Section 685.301).

The University incorrectly calculated the COA for 4 (10 percent) of 40 students tested. While the University's financial aid system automatically calculates COA for Fall and Spring semesters, University staff manually calculates the Summer semester portion of each student's COA. This could result in an overaward if the student does not have any excess unmet need. For the four students noted, the staff incorrectly calculated the Summer semester portion of the student's COA. One student was a full-time graduate student who incorrectly had a loan fee of \$75 added to the student's COA. The remaining three students were part-time for the Summer semester: One student had a \$500 room charge incorrectly added to the student's COA, one student had a \$425 book allowance incorrectly omitted from the student's COA, and one student had \$406 in personal expenses incorrectly omitted from the student's COA. However, the incorrect COA calculations did not have an effect on the amount of assistance awarded to students because the students had excess unmet needs.

Recommendations:

The University should improve controls over manual calculations of COA.

Management Response and Corrective Action Plan 2009:

A program will be developed to accurately review budget components prior to packaging. A report will be generated to ensure that students are given the proper budgets and counselor updates are correct. This report will then be reviewed by financial aid staff on a weekly basis and certified by the Assistant Provost or one of the Associate Directors.

Management Response and Corrective Action Plan 2010:

Management agrees with this audit recommendation and will review its Cost of Attendance (COA) process and develop a procedure that will prevent errors in COA calculations. This procedure will ensure a student's change status change is updated properly and will reflect the current status of students' satisfactory academic progress policy appeals.

Management Response and Corrective Action Plan 2011:

Financial Aid Management has generated system modifications that will control the cost of attendance from being adjusted manually.

Management Response and Corrective Action Plan 2012:

Management appreciates the efforts of the State Auditor's Office to identify issues needing improvement and cite steps necessary to ensure that improvement is achieved. We are committed to satisfactorily addressing these issues and have developed and enhanced procedures to address these issues.

Financial Aid management has revised the process for awarding Federal Supplemental Educational Opportunity Grant (FSEOG) awards. This process consists of the following elements: a flag has been set in the BANNER System to flag students who have not received the Pell Grant, which indicates the students are not eligible, for the FSEOG. The Financial Aid Program Analyst will run the Awarded FSEOG No Pell Report bi-weekly and provide it to the Reconciliation department, which will show any exceptions. The report will be reviewed by the Reconciliation Department and any inconsistencies will be resolved. This will include removing the FSEOG from the account. In addition, the Reconciliation Specialist will perform monthly reconciliation of all accounts.

Management Response and Corrective Action Plan 2013:

The Office of Student Financial Aid and Scholarships management will monitor the manual assignments of Summer COA's bi-weekly to ensure each component is allocated equally for all students. In addition, system modifications have been developed that will only allow the director or associate directors the authority to make manual component adjustments to student COA's. If manual adjustments are made to specific components, supporting documentation will be required. Further, departmental procedures will be developed to reflect this process.

Implementation Date: March 31, 2014

Responsible Person: Joy D. Thomas

Reference No. 10-34

Special Tests and Provisions – Disbursements To or On Behalf of Students

(Prior Audit Issue – 08-38)

Student Financial Assistance Cluster

Award year – July 1, 2008 to June 30, 2009

Award numbers – CFDA 84.268 P268K092319, CFDA 84.063 P063P092319, CFDA 84.007 P007A084098, CFDA 84.033 P033A084098, CFDA 84.375 P375A082319, CFDA 84.376 P376S082319, and CFDA 93.925 Award number Not Applicable.

Type of finding – Significant Deficiency and Non-Compliance

Disbursement Notification Letters

If an institution credits a students' account at the institution with Direct Loans, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan. The notification can be sent in writing or electronically (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written: 2007
Status: Partially Implemented

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

For 7 (18 percent) of 39 students tested who received Direct Loans, the University did not send disbursement notifications within the required 30 days for the Fall 2008 semester. The University implemented a new financial aid system and did not set up the automated process for disbursement notification letters in time to ensure that it sent disbursement notifications within the 30-day requirement for some of the disbursements it made on the first day of the Fall 2008 disbursement cycle (August 18, 2008). As a result, the University sent disbursement notification letters one day late for some of the disbursements that occurred on the first day of the Fall 2008 disbursement cycle, including for the seven students discussed above. Auditors did not note any late disbursement notification letters for the Spring 2009 semester. Not receiving these notifications promptly could impair students' and parents' ability to cancel their loans.

Common Origination and Disbursement System Reporting

Institutions submit Pell origination records and disbursement records to the U.S. Department of Education's Common Origination and Disbursement (COD) System. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student payment data within 30 calendar days after they make a payment or become aware of the need to make an adjustment to previously reported student payment data or expected student payment data (Office of Management and Budget (OMB) Compliance Supplement A-133, March 2009, Part 5, Student Financial Assistance Cluster, III.L.1.e (page 5-3-18)). The disbursement amount and date in the COD System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to students (OMB Compliance Supplement A-133, Part 5, Student Financial Assistance Cluster, III.N.3 (page 5-3-29)).

For 1 (4 percent) of 25 students with Pell disbursements tested, the University did not report the amount and date of the Pell disbursement to the COD System. According to University staff, the student's information was recorded in Banner but was rejected by the COD System. The student's information was not manually corrected; therefore, the University did not report information subsequently to the COD System. The University did not have an adequate procedure in place to ensure data not accepted by COD was corrected and submitted timely.

Recommendations:

The University should:

- Maintain controls to ensure that it sends disbursement notification notices within 30 days before or after crediting a student's account with a Direct Loan.
- Improve its oversight of the Pell reporting process to ensure that student information that Banner does not retrieve during the process for reporting to the COD System is captured and reported to the COD System in a timely manner.

Management Response and Corrective Action Plan 2009:

Though management respectfully acknowledges we did not send fall Disbursement Notification Letters in the required 30 days, we have already corrected this issue. Prior to December 2008, the process for generating the letters was completely manual. Management determined the aforementioned process as neither efficient nor effective. An AppWorx consultant was hired to reengineer and automate the Disbursement Notification Letter process. Beginning spring 2009, disbursement data was derived from Banner using AppWorx and e-letters distributed to students via Form Fusion.

Management acknowledges that one (1) individual was not reported to COD and was later manually corrected. In order to prevent this situation from occurring again, a federal Pell Reconciliation List will be requested at the beginning of each week via the Common Origination and Disbursement (COD) System. This list will be imported into Banner. Using an existing Banner report, the Pell Reconciliation List (Disbursement Data) will be compared to existing federal Pell disbursements in Banner. Exceptions will be reviewed and corrected.

Management Response and Corrective Action Plan 2010:

Management agrees with this audit recommendation and has revised the process and modified the Notification Letter. Additional time is required to ensure the process is functioning as intended.

Management Response and Corrective Action Plan 2011:

Financial Aid management is in the process of changing the process of distributing Disbursement Notification Letters to students via Form Fusion. The process will be revised and will work through the Banner System in the fall semester.

Financial Aid management Financial Aid Management has generated system modifications that will control the cost of attendance from being adjusted manually.

Management Response and Corrective Action Plan 2012:

Management appreciates the efforts of the State Auditor's Office to identify issues needing improvement and cite steps necessary to ensure that improvement is achieved. We are committed to satisfactorily addressing these issues and have developed and enhanced procedures to address these issues.

Notification of disbursement: In general, there are two types of notifications a school must provide: (1) a general notification to all students receiving FSA funds; and (2) a notice when loan funds are credited to a student's account. The financial aid office provides a general notification of award funds via email which directs the students to a secure website to view their award detail summary (PantherTracks). The University will send notifications to the students at the time the funds are applied to the student account.

The Financial Aid Program Analyst will run the School Account Statement Report (SAS) monthly and the Loan Overview Report weekly and provide it to the Reconciliation and Loan department, which will show all disbursements and rejections. Both reports will be reviewed by the Reconciliation and Loan Department and any rejections will be identified and resolved. In addition, the Reconciliation Specialist will perform monthly reconciliation of all accounts.

2013 Update:

The University did not send any disbursement notification letters to students receiving Direct Loans for the 2012-2013 award year. For COD System reporting, the University did not always report Pell disbursement records to the COD System within the required timeframe.

Management Response and Corrective Action Plan 2013:

1. *The Office of Student Financial Aid and Scholarships in conjunction with the Office of Information Technology has implemented a process to ensure that timely notifications are sent at the time funds are applied to the student's account; and,*
2. *The Office of Student Financial Aid and Scholarships has developed a process that will ensure award data is identified and corrected. The Financial Aid Program Analyst is currently running the School Account Statement Report (SAS) monthly and the Direct Loan & Pell Grant and acknowledgement files are imported into Banner daily. These reports will be provided to the Reconciliation and Loan Departments, which will show all disbursements and rejections. In addition, both reports will be reviewed by the Reconciliation and Loan Departments and any rejections will be identified and resolved. In addition, the Reconciliation Supervisor will perform monthly reconciliation of all accounts.*

Implementation Date: March 31, 2014

Responsible Person: Joy D. Thomas

Department of Public Safety

Reference No. 13-103

Activities Allowed or Unallowed

Allowable Costs/Cost Principles

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

CFDA 97.067 – Homeland Security Grant Program

Award year – See below

Award number – See below

Type of finding – Significant Deficiency and Non-Compliance

Payroll Charges

In accordance with Title 2, Code of Federal Regulations (CFR), Chapter 225, when employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that award or cost objective for the period covered by the certification. Those certifications must be prepared at least semi-annually and signed by the employees or supervisory official having firsthand knowledge of the work performed by the employees. For employees who are expected to work on multiple activities or cost objectives, a distribution of their salaries or wages must be supported by personnel activity reports or equivalent documentation that:

Initial Year Written:	2008
Status:	Partially Implemented
U.S. Department of Homeland Security	

- Reflects an after-the-fact distribution of the actual activity of each employee.
- Accounts for the total activity for which each employee is compensated.
- Is prepared at least monthly and must coincide with one or more pay periods.
- Is signed by the employee.

Budget estimates or other distribution percentages that are developed before services are performed do not qualify as support for charges to federal awards but may be used for interim purposes, provided that at least quarterly comparisons of actual costs to budgeted distributions based on the monthly activity reports are made and any adjustments are reflected in the amounts billed to the federal program. Costs charged to federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show that the differences between budgeted and actual costs are less than 10 percent.

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

The Department of Public Safety's (Department) State Administrative Agency (SAA) conducts most daily management of the Homeland Security Grant Program (HSGP), and the Department's Grants Finance unit participates in some management functions, such as those related to accounting in the Department's financial system and remitting interest to the federal government.

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

PUBLIC SAFETY, DEPARTMENT OF

Non-payroll Charges

The Office of Management and Budget (OMB) requires that costs be allocable to federal awards under the provisions of Title 2, CFR, Chapter 225. Any cost allocable to a particular federal award or cost objective may not be charged to other federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the federal awards, or for other reasons. Additionally, to be allowable under federal awards, costs must be adequately documented (Title 2, CFR, Chapter 225).

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

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

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

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

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

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

General Controls

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

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

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

Corrective Action:

This finding was reissued as current year reference number: 2013-118.

Reference No. 13-104

Cash Management

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

CFDA 97.067 – Homeland Security Grant Program

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

Beginning in fiscal year 2005, Homeland Security Grant Program awards to states were exempted from the provisions of the Cash Management Improvement Act. States are permitted to draw down funds up to 120 days prior to expenditure/disbursement, provided they maintain procedures to minimize the time elapsing between the receipt and disbursement of funds (Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, Part 4, Section 97.067). Additionally, states must place those funds in an interest-bearing account, and the interest earned must be remitted to the U.S. Treasury at least quarterly. Interest amounts up to \$100 per year may be retained by a state for administrative expenses (Title 44, Code of Federal Regulations (CFR), Section 13.21).

Initial Year Written:	2010
Status:	Implemented
U.S. Department of Homeland Security	

Interest on Advances

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

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

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

PUBLIC SAFETY, DEPARTMENT OF

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

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

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

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

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

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

Cash Draws

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

The Department’s procedures require that both its Grants Finance unit and its State Administrative Agency (SAA) review and approve each cash draw request. However, **for 5 (8 percent) of 61 cash draws tested, either (1) there was no documented evidence that SAA conducted its review or (2) SAA’s and the Grants Finance unit’s review was not sufficient to identify errors.** The Department asserted that it had established procedures to hold cash draws until SAA approved them but that it had inadvertently overlooked the missing SAA approvals for four of those five cash draws. For the remaining cash draw, review by the SAA and the Grants Finance unit was not sufficient to detect that the amount of that cash draw was not supported by the Department’s actual costs for the

PUBLIC SAFETY, DEPARTMENT OF

Homeland Security Grant Program. That cash draw was associated with the Emergency Operations Center Grant Program. That error resulted in \$7 in questioned costs associated with award 2010-SS-T0-0008.

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

Corrective Action:

Corrective action was taken.

Reference No. 13-105

Matching, Level of Effort, Earmarking

CFDA 97.067 – Homeland Security Grant Program

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

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

Initial Year Written:	2012
Status:	Implemented
U.S. Department of Homeland Security	

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

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

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

Corrective Action:

Corrective action was taken.

Reference No. 13-106

Procurement and Suspension and Debarment

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

CFDA 97.067 – Homeland Security Grant Program

Award year – 2010

Award number – 2010-SS-TO-0008

Type of finding – Significant Deficiency and Non-Compliance

In accordance with Title 44, Code of Federal Regulations (CFR), Section 13.36, grantees and subgrantees will use their own procurement procedures, which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable federal law and the standards identified in that CFR section. All procurement transactions must be conducted in a manner providing full and open competition. Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids, or competitive proposals.

Initial Year Written:	2010
Status:	Implemented
U.S. Department of Homeland Security	

Competitive Bidding Procurements

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

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

Suspension and Debarment

Federal rules require that, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Title 2, CFR, Section 180.300). Covered transactions include procurement contracts for goods and services that are expected to equal or exceed \$25,000 and all nonprocurement transactions (that is, subawards to subrecipients) irrespective of award amount (Title 2, CFR, Section 180.220).

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

When the Department does not verify that vendors are not suspended or debarred, this increases the risk that it could enter into an agreement with an entity that is not eligible to receive federal funds.

Corrective Action:

Corrective action was taken.

Reference No. 13-107

Reporting

CFDA 97.067 – Homeland Security Grant Program

Award year – 2011

Award number – EMW-2011-SS-00019-S01

Type of finding – Significant Deficiency and Non-Compliance

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

Initial Year Written:	2012
Status:	Partially Implemented

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

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

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

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

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

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

Corrective Action:

This finding was reissued as current year reference number: 2013-119.

Reference No. 13-108

Subrecipient Monitoring

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

CFDA 97.067 – Homeland Security Grant Program

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

The Department of Public Safety (Department) is required by Office of Management and Budget (OMB) Circular A-133, Section .400, to monitor the activities of subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Initial Year Written: 2008
Status: Partially Implemented

U.S. Department of Homeland Security

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

During-the-award Monitoring

Recipients of Homeland Security Grant Program funds are required to monitor grant-supported and subgrant-supported activities to ensure compliance with applicable federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function, or activity (Title 44, Code of Federal Regulations (CFR), Section 13.40). Specifically, grantees and subgrantees are required to:

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

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

- For 49 subrecipients, the Department did not monitor the subrecipients' compliance with equipment or procurement requirements because it did not conduct a desk review or site visit for the subrecipients during fiscal year 2012. The Department monitors subrecipient activities related to equipment and procurement through desk reviews and site visits, in which it reviews each subrecipient's procurement and equipment maintenance practices to ensure compliance with federal requirements and the terms and conditions of the grant. According to the Department, the limited number of monitoring personnel it has reduces the number of site visits and desk reviews that can be conducted. Additionally, the Department has not established a process to monitor subrecipient procurement practices or equipment maintenance through procedures other than the site visits or desk reviews it performs.
- For 4 subrecipients, the Department did not include the subrecipients in the fiscal year 2012 risk assessment it used to select subrecipients for desk reviews and onsite monitoring. As a result, the Department could not ensure that it monitored those subrecipients' compliance with procurement and equipment maintenance during fiscal year 2012. These subrecipients were not included because the Department prepared the risk assessment based on a report of subrecipients that received funds in prior grant years, instead of based on all active subrecipients.

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

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

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

Subrecipient Audits

According to OMB Circular A-133, the Department must ensure that each subrecipient expending federal funds in excess of \$500,000 obtain an OMB Circular A-133 Single Audit and provide a copy of the audit report to the Department within nine months of the subrecipient's fiscal year end (OMB Circular A-133, Sections 320 and 400). In addition, the Department must issue a management decision on audit findings within six months after receipt of a subrecipient's audit report (OMB Circular A-133, Section 400). In cases of continued inability or unwillingness of a subrecipient to obtain the required audits, the Department must take appropriate action using sanctions (OMB Circular A-133 Section, 225).

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

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

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

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

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

Inaccurate information in its tracking spreadsheet can prevent the Department from identifying and addressing subrecipient non-compliance. Not ensuring that subrecipients obtain Single Audits and not following up on findings in Single Audit reports increases the risk that deficiencies could go unaddressed.

PUBLIC SAFETY, DEPARTMENT OF

The issues discussed above affect the following Homeland Security awards:

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

Corrective Action:

This finding was reissued as current year reference number: 2013-120.

Reference No. 13-109

Special Tests and Provisions – Subgrant Awards

CFDA 97.067 – Homeland Security Grant Program

Award year – 2011

Award number – EMW-2011-SS-00019-S01

Type of finding – Significant Deficiency and Non-Compliance

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

Initial Year Written: 2012 Status: No Longer Valid U.S. Department of Homeland Security

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

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

Corrective Action:

The requirement to obligate OPSG funds within 45 days after the grant award is no longer applicable starting with award year 2012 grants; therefore, this finding is no longer valid.

Reference No. 13-110

Activities Allowed or Unallowed
Allowable Costs/Cost Principles
Cash Management
Eligibility
Matching, Level of Effort, Earmarking
Period of Availability of Federal Funds
Reporting
Subrecipient Monitoring

CFDA 97.039 – Hazard Mitigation Grant Program
Award years – Multiple
Award numbers – Multiple

Activities Allowed or Unallowed
Allowable Costs/Cost Principles
Cash Management
Eligibility
Matching, Level of Effort, Earmarking
Period of Availability of Federal Funds
Reporting
Subrecipient Monitoring
Special Tests and Provisions- Project Accounting

CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Award years – Multiple
Award numbers – Multiple
Type of finding – Material Weakness

Office of Management and Budget (OMB) Circular A-133 requires agencies to maintain internal control over federal programs that provides reasonable assurance that agencies are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements (OMB Circular A-133, Subpart C, Section 300 (b)). In addition, OMB Circular A-133 requires auditors to consider the control environment over federal programs and such factors as the expectation of management’s adherence to applicable laws and regulations and the provisions of contracts and grant agreements and the competence and experience of personnel who administer the federal programs (OMB Circular A-133, Subpart E, Section 525(b)).

Initial Year Written:	2012
Status:	Implemented
U.S. Department of Homeland Security	

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

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

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

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

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

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

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

Corrective Action:

Corrective action was taken.

Reference No. 13-111

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

CFDA 97.039 – Hazard Mitigation Grant Program

Award years – See below

Award numbers – See below

Type of finding – Material Weakness and Non-Compliance

Allowable Costs/Cost Principles – Payroll

In accordance with Title 2, Code of Federal Regulations (CFR), Chapter 225, when employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that award or cost objective for the period covered by the certification. Those certifications must be prepared at least semi-annually and signed by the employees or supervisory official having firsthand knowledge of the work performed by the employees. For employees who are expected to work on multiple activities or cost objectives, a distribution of their salaries or wages must be supported by personnel activity reports or equivalent documentation that:

Initial Year Written:	2012
Status:	Partially Implemented
U.S. Department of Homeland Security	

- Reflects an after-the-fact distribution of the actual activity of each employee.
- Accounts for the total activity for which each employee is compensated.
- Is prepared at least monthly and must coincide with one or more pay periods.
- Is signed by the employee.

Budget estimates or other distribution percentages that are developed before services are performed do not qualify as support for charges to federal awards but may be used for interim purposes, provided that at least quarterly comparisons of actual costs to budgeted distributions based on the monthly activity reports are made and any adjustments are reflected in the amounts billed to the federal program. Costs charged to federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show that the differences between budgeted and actual costs are less than 10 percent.

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

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

Recommendation:

The Department should compare actual effort charged to federal awards with budgeted amounts and ensure that any adjustments are reflected in the amounts it charges to federal programs.

PUBLIC SAFETY, DEPARTMENT OF

Management Response and Corrective Action Plan 2012:

The Department agrees with the recommendations and will implement processes and procedures to compare actual effort charged to federal awards with budgeted amounts and ensure that any adjustments are reflected in the amounts it charges to federal programs.

Management Response and Corrective Action Plan 2013:

Payroll “true ups” were completed for all Fiscal Year 2012 salaries by May 2013 to be sure grants are properly charged based on time sheets submitted through the ETA time keeping system.

Implementation Date: March 15, 2013

Responsible Person: Maureen Coulehan

Allowable Costs/Cost Principles and Activities Allowed or Unallowed – Non-payroll

The Office of Management and Budget (OMB) requires that costs be allocable to federal awards under the provisions of Title 2, CFR, Chapter 225. Any cost allocable to a particular federal award or cost objective may not be charged to other federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the federal awards, or for other reasons. Additionally, to be allowable under federal awards, costs must be adequately documented (Title 2, CFR, Chapter 225).

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

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

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

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

Recommendation:

The Department should maintain sufficient documentation to support that it obtained required approvals from FEMA for equipment purchases that it charged to the Hazard Mitigation Grant Program.

Management Response and Corrective Action Plan 2012:

The Department agrees with the recommendations and will implement processes and procedures to ensure sufficient documentation is maintained to support approvals were obtained from FEMA for equipment purchases.

Management Response and Corrective Action Plan 2013:

Policies have been updated to ensure FEMA approvals will be obtained for equipment purchases over \$5000. The update to the Hazard Mitigation Admin Plan has been drafted. Approval expected by April 2014.

Implementation Date: April 2014

Responsible Person: Paula Logan

Indirect Costs

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

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

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

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

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

As a result of the Department's process for recording indirect cost transactions, auditors also were unable to determine the amount of unallowable charges the Department made under the expired indirect cost rate agreement. However, for 2 (5 percent) of 43 cash draws tested, the Department charged a total of \$974 in indirect costs

PUBLIC SAFETY, DEPARTMENT OF

associated with award FEMA-1624-DR and \$3,128 in indirect cost charges associated with award FEMA-1606-DR under the expired indirect cost rate agreement. Those amounts are considered questioned costs.

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

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

Recommendations:

The Department should:

- Calculate indirect cost charges using a federally approved indirect cost rate that is in effect at the time the Department charges those costs.
- Retain support for its Indirect Cost Rate Proposal, including support for its indirect cost pool.

Management Response and Corrective Action Plan 2012:

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

- *Calculate indirect cost charges using a federally approved indirect cost rate that is in effect at the time the Department charges those costs.*
- *Retain support for its Indirect Cost Rate Proposal, including support for its indirect cost pool.*

Management Response and Corrective Action Plan 2013:

Updated indirect cost proposal has been submitted and is currently under review by FEMA for final negotiation.

Records for the above mentioned updated Indirect Cost plan have been maintained.

Implementation Date: March 15, 2013

Responsible Person: Maureen Coulehan

General Controls

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

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

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

Corrective Action:

Corrective action was taken.

Reference No. 13-112

Cash Management

CFDA 97.039 – Hazard Mitigation Grant Program

Award years – See below

Award numbers – See below

Type of finding – Material Weakness and Material Non-Compliance

Funding Technique

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

Initial Year Written:	2012
Status:	Partially Implemented

U.S. Department of Homeland Security

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

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

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

PUBLIC SAFETY, DEPARTMENT OF

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

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

Recommendation:

The Department should develop and implement a process to minimize the time elapsing between the drawdown of federal funds and the disbursement of those funds.

Management Response and Corrective Action Plan 2012:

The Department agrees recommendations and will implement procedures to minimize the time elapsing between the drawdown of federal funds and the disbursement of those funds.

Management Response and Corrective Action Plan 2013:

Grants Accounting has implemented a procedure in coordination with Accounts Payable to process expenditure transactions within three days of cash draw. Effective Date was February 2013.

Implementation Date: February 2013

Responsible Person: Maureen Coulehan

Draw Support

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

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

- For four of those draws, the Department drew funds for the Hazard Mitigation Grant Program when the supporting documentation indicated that it should have drawn funds from the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program. These four draws totaled \$15,997,347. The Department identified errors associated with three of those draws in September 2012 and returned the funds.

For the remaining draw, the Department did not identify that it incorrectly drew \$10,899,635 associated with award FEMA-1791-DR until after auditors brought that error to its attention in October 2012. After auditors communicated that error, the Department provided evidence that it corrected the error in the federal system that it uses to draw funds.

- For one draw that the Department made to support a payment to a subrecipient, the Department did not draw the correct amount based on the supporting documentation. Based on the invoice the subrecipient submitted, the Department should have drawn \$22,869; however, it erroneously drew \$23,390, which resulted in questioned costs of \$521 associated with award FEMA-1791-DR.

Those errors occurred because the Department's Grants Finance unit has not established an adequate review process for drawdowns. For each of the errors noted above, although Department management reviewed the draw requests prior to the draw, the Department's review did not identify that the draws were unsupported. For two additional draws, the Department could not provide evidence that the draws had been reviewed by all required individuals. Although auditors did not identify compliance errors associated with those two draws, a lack of review increases the risk that errors in those draws could go undetected.

Corrective Action:

Corrective action was taken.

Reference No. 13-113

Eligibility

CFDA 97.039 – Hazard Mitigation Grant Program

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

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

Initial Year Written: 2012
Status: Partially Implemented

U.S. Department of Homeland
Security

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

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

- Seven subrecipients were private non-profit entities, however, the Department could not provide evidence that those subrecipients approved or adopted a hazard mitigation plan or that the subrecipients were involved in the development of a hazard mitigation plan, as required by program guidance.

PUBLIC SAFETY, DEPARTMENT OF

- Two subrecipients did not have approved hazard mitigation plans in effect at the time the Department granted the subawards. Auditors determined that both of those subrecipients are currently eligible to receive Hazard Mitigation Grant Program funds because they subsequently developed approved hazard mitigation plans.

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

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

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

Recommendations:

The Department should:

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

Management Response and Corrective Action Plan 2012:

We agree with the recommendations and will:

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

Management Response and Corrective Action Plan 2013:

Procedures are in place to ensure applicants meet all eligibility requirements before granting awards. A new transmittal letter has been developed to incorporate the enumeration of any potential concerns when sending project applications to FEMA. This procedure has been in place since May 2013.

Implementation Date: May 2013

Responsible Person: Paula Logan

Reference No. 13-114

Period of Availability of Federal Funds

CFDA 97.039 – Hazard Mitigation Grant Program

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

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

Initial Year Written: 2012
Status: Partially Implemented

U.S. Department of Homeland
Security

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

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

- For 1 (6 percent) of 18 transfers tested, the Department could not provide evidence that it incurred the original cost supporting that transfer within the period of performance for the award to which it charged the cost. For that transfer, the Department incurred the cost between December 2011 and February 2012; however, based on information provided by the Department, the period of performance for the award ended on August 8, 2007. That resulted in questioned costs of \$17 associated with award FEMA-1439-DR. The Department asserted that it was aware that it should not have charged those costs to that award, but it had not yet transferred those costs to non-federal funds.
- For 3 (6 percent) of 51 direct cost expenditures tested, the Department incurred direct costs after the period of performance for the federal awards to which it charged those costs. The Department incurred two of those costs in August 2011, but the period of performance for the award ended in June 2009. The Department incurred the remaining cost in May 2012, but the period of performance for the award ended in March 2012. That resulted in questioned costs of \$8,769 associated with award FEMA-1606-DR and \$261 associated with award FEMA-1697-DR.
- The Department incurred 2 (10 percent) of 21 payroll expenditures tested after the end of the period of performance for the awards to which it charged those costs. Further analysis of the entire population of Department payroll charges during fiscal year 2012 indicates that the Department charged a total of \$33,890 in payroll costs after the end of the period of performance for the awards to which it charged those costs (see “Questioned Costs Related to Payroll” below for the individual awards to which the Department charged the \$33,890).
- For 1 (5 percent) of 21 payroll expenditures tested, auditors could not determine whether the Department incurred the cost during the period of performance for the award because the Department assigned that cost to a generic budget code that could be connected with multiple disasters. However, the Department asserted that it had not yet drawn federal expenditures for that transaction.

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

PUBLIC SAFETY, DEPARTMENT OF

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

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

Recommendation:

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

Management Response and Corrective Action Plan 2012:

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

Management Response and Corrective Action Plan 2013:

Procedures have been put in place to ensure that program informs Financial Management Section and Grants Accounting when the period of performance (POP) date is set to preclude the Department from expending funds outside the POP.

Implementation Date: August 31, 2013

Responsible Person: Paula Logan

Reference No. 13-115

**Procurement and Suspension and Debarment
Subrecipient Monitoring**

(Prior Audit Issue 12-110)

CFDA 97.039 – Hazard Mitigation Grant Program

Award years – See below

Award numbers – See below

Type of finding – Material Weakness and Material Non-Compliance

The Department of Public Safety (Department) is required by Office of Management and Budget (OMB) Circular A-133, Section .400, to monitor the activities of subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Initial Year Written: 2011
Status: Partially Implemented

U.S. Department of Homeland
Security

In fiscal year 2012, the Department passed through \$28,552,465 to subrecipients.

Award Identification and Subrecipient Suspension and Debarment

As a pass-through entity, the Department is required by OMB Circular A-133, Section .400(d) to identify to the subrecipient, at the time of the subaward, federal award information, including the Catalog of Federal Domestic Assistance (CFDA) title and number, award name and number, whether the award is research and development, name of federal awarding agency, and applicable compliance requirements.

Federal rules require that, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Title 2, Code of Federal Regulations (CFR), Section 180.300). Covered transactions include procurement contracts for goods and services that are expected to equal or exceed \$25,000 and all nonprocurement transactions (that is, subawards to subrecipients) irrespective of award amount (Title 2, CFR, Section 180.220).

The Department communicates federal award information to subrecipients in an award letter that it provides to subrecipients following final approval of a project. However, **prior to January 2012, the award letter template the Department used did not include the CFDA number associated with the award.** As a result, for 61 (98 percent) of 62 subrecipient agreements tested, the Department could not provide evidence that it communicated the CFDA number to the subrecipient. The Department made subawards to those subrecipients prior to January 2012.

The Department requires that subrecipients certify that they are not suspended or debarred at the time they submit an application. **For 1 (2 percent) of 62 subrecipients tested, the Department could not provide evidence that the subrecipient certified that it was not suspended or debarred.** Auditors verified through the EPLS that the subrecipient was not currently suspended or debarred.

Incomplete communication of federal compliance requirements in the Department's award documents increases the risk that subrecipients will not follow federal guidelines related to administering subrecipient awards. Not verifying that a subrecipient is not suspended or debarred increases the risk that the Department will enter into an agreement with an entity that is not eligible to receive federal funds.

During-the-award Monitoring

Recipients of Hazard Mitigation Grant Program grant funds are required to monitor grant-supported and subgrant-supported activities to ensure compliance with applicable federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function, or activity (Title 44, CFR, Section 13.40).

The Department monitors subrecipient activities through review and approval of reimbursement requests and final audits of subrecipient projects. However, **for 3 (5 percent) of 62 subrecipient reimbursement requests tested,**

the Department could not provide evidence that it monitored the subrecipients for compliance with requirements related to allowability, cash management, or matching; it also could not provide evidence that it reviewed the federal share of costs for accuracy. For those three subrecipients, the Department could not provide evidence that it had approved those subrecipients' reimbursement requests.

In addition, the Department did not consistently follow up to ensure that subrecipients took corrective action on deficiencies that it noted during its review of the reimbursement requests. **For 1 (25 percent) of 4 reimbursement requests for which the Department noted deficiencies, the Department could not provide evidence that it communicated the deficiencies to the subrecipient or followed up to ensure that the subrecipient took corrective action.**

The Department uses a final project audit as its primary audit tool for monitoring its subrecipients' compliance with requirements related to equipment maintenance, procurement, and real property acquisitions. **However, the Department does not always complete a final project audit prior to making the final payment on a project, which limits the effectiveness of the final project audit to monitor compliance with federal requirements.** The Department also does not perform other types of monitoring of subrecipient compliance with requirements related to equipment maintenance, procurement, and real property acquisitions. As a result, auditors identified the following issues:

- For 30 (91 percent) of 33 subrecipient projects for which the Department was required to monitor the subrecipients' compliance with equipment requirements, the Department could not provide evidence that it monitored subrecipients' record keeping and safeguarding of equipment.
- For 59 (95 percent) of 62 subrecipient projects tested, the Department could not provide evidence that it monitored the subrecipients' compliance with procurement requirements.
- For all 7 subrecipient projects tested that included the acquisition of real property, the Department could not provide evidence that it monitored the subrecipients' compliance with requirements related to acquisition and appraisal.

The Department does not have a process to ensure that subrecipients spend funds within the period of availability for the subaward. For all 62 subrecipient projects tested, the Department could not provide evidence that it verified that the subrecipients did not spend funds outside of the established performance period for their subawards.

Insufficient monitoring during the award period increases the risk that the Department would not detect subrecipients' non-compliance with requirements regarding federally funded projects.

Subrecipient Audits

According to OMB Circular A-133, the Department must ensure that each subrecipient expending federal funds in excess of \$500,000 obtain an OMB Circular A-133 Single Audit and provide a copy of the audit report to the Department within nine months of the subrecipient's fiscal year end (OMB Circular A-133, Sections 320 and 400). In addition, the Department must issue a management decision on audit findings within six months after receipt of a subrecipient's audit report (OMB Circular A-133, Section 400). In cases of continued inability or unwillingness of a subrecipient to obtain the required audits, the Department must take appropriate action using sanctions (OMB Circular A-133 Section 225).

The Department's Standards and Compliance group within its Division of Emergency Management monitors subrecipient Single Audits through a tracking spreadsheet, and it documents its review of submitted audit reports using a checklist. However, **for 6 (10 percent) of 62 subrecipients tested, the Department did not effectively monitor or enforce subrecipient compliance with the requirement to obtain a Single Audit during fiscal year 2012.** As a result, the Department could not provide documentation to support that all subrecipients complied with the requirement to obtain a Single Audit or that it sanctioned the subrecipients that did not comply. Specifically:

- The Department did not include one subrecipient on its tracking spreadsheet. As a result, the Department did not verify whether that subrecipient complied with the requirement to obtain a Single Audit or review that

PUBLIC SAFETY, DEPARTMENT OF

subrecipients' Single Audit report. Based on a review of the Federal Audit Clearinghouse, that subrecipient did not submit a Single Audit report for fiscal year 2011.

- The Department did not obtain Single Audit reports from three subrecipients on its tracking spreadsheet and could not provide evidence that it sanctioned those subrecipients for non-compliance.
- The Department did not review the Single Audit reports that two subrecipients submitted. The Department incorrectly determined that it did not need to review one of those reports because it did not pass through funds to the subrecipient during fiscal year 2011; however, that subrecipient received funds during fiscal year 2012. The Department had not yet reviewed the other Single Audit report at the time of the audit, which was more than six months after it had received that report.

For all five subrecipient Single Audit reports the Department reviewed that contained audit findings, the Department did not issue a management decision regarding those findings within the required time period. For each of those subrecipients, the Department reviewed the Single Audit reports, but it did not issue a management decision on findings identified in those reports within six months of receiving those reports.

Finally, **for 9 (15 percent) of 62 subrecipients tested, the Department's Single Audit tracking spreadsheet was incomplete or contained inaccurate information.** This increases the risk that the Department may not identify instances of subrecipient non-compliance, or that it may not require a subrecipient to submit a Single Audit report.

Inaccurate information in its tracking spreadsheet can prevent the Department from identifying and addressing subrecipient noncompliance. Not ensuring that subrecipients obtain Single Audits and not following up on deficiencies noted in Single Audit reports increases the risk that deficiencies could go unaddressed.

The issues noted above affect the following Hazard Mitigation awards:

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

Recommendations:

The Department should:

- Communicate all relevant federal award information and applicable compliance requirements to subrecipients.
- Retain documentation of verification that subrecipients are not suspended or debarred.
- Retain documentation of its during-the-award monitoring activities and communicate deficiencies identified during its monitoring process to subrecipients.
- Implement a process to ensure that it monitors subrecipients during the award for all required compliance areas.
- Track all subrecipients to determine whether they are required to obtain a Single Audit.
- Require all subrecipients to certify that they will obtain a Single Audit if they meet the threshold or certify that they are not required to obtain a Single Audit, and follow up with subrecipients to ensure they respond.
- Review all Single Audit reports for active subrecipients within six months of receipt of those reports, and issue management decisions promptly when findings in those reports could affect pass-through funds.
- Ensure that information in the Department's Single Audit tracking spreadsheet is accurate.

PUBLIC SAFETY, DEPARTMENT OF

Management Response and Corrective Action Plan 2012:

We agree with the recommendations. We have implemented a procedure to ensure we communicate all relevant federal award information and applicable compliance requirements to subrecipients.

Additionally, the Department will implement procedures to ensure:

- *Documentation of verification that subrecipients are not suspended or debarred is retained,*
- *Documentation of during-the-award monitoring activities is retained and deficiencies identified during the monitoring process are communicated to subrecipients.*
- *Subrecipients are monitored during the award for all required compliance areas.*
- *All open grant subrecipients are included in the A-133 Single Audit Review tracking sheet.*
- *Subrecipients receive notification of the OMB A-133 requirements and obtain a certification that a single audit is not required, or receive a copy of the single audit report and follow up with Subrecipients who do not respond to ensure they respond.*
- *Single Audit reports are reviewed and management decisions are issued within six months of receipt.*
- *The A-133 Review spreadsheet is updated as reports are received and reviewed, reports with findings are forwarded to grant program management for management decisions, and management decisions are received.*

Management Response and Corrective Action Plan 2013:

Draft documentation has been completed to ensure we communicate all relevant federal award information and applicable compliance requirements to subrecipients.

Procedures have been implemented to ensure subrecipients are monitored during the awards for all required compliance areas.

Single Audit review processes have been updated to ensure submitted single audit reports are reviewed. Management decisions on findings affecting grant programs have been made within six months.

Implementation Date: April 2014

Responsible Person: Paula Logan

Reference No. 13-116

Reporting

(Prior Audit Issues 12-111, 09-47, 08-91, and 07-26)

CFDA 97.039 – Hazard Mitigation Grant Program

Award years – See below

Award numbers – See below

Type of finding – Material Weakness and Material Non-Compliance

Recipients are responsible for managing, monitoring, and reporting performance for each project, program, subaward, function, or activity supported by the award. Recipients use the Federal Financial Report SF-425 (Office of Management and Budget No. 0348-0061) to report financial activity on a quarterly basis. The Office of Management and Budget provides specific instructions for completing the SF-425 in its Federal Financial Report Instructions, including definitions of key reporting elements.

Initial Year Written: 2006
Status: Partially Implemented

U.S. Department of Homeland
Security

Additionally, Hazard Mitigation grantees are required to submit quarterly Federal Financial Reports on which obligations and expenditures must be reported (Hazard Mitigation Assistance Unified Guidance, Part VI, Sec. C.1).

PUBLIC SAFETY, DEPARTMENT OF

During fiscal year 2012, the Department of Public Safety’s (Department) Division of Emergency Management and the Department’s Grants Finance unit prepared SF-425 reports. Prior to January 2012, the Division of Emergency Management prepared all reports. In January 2012, the Department moved the reporting function for some disasters to its Grants Finance unit.

The Department did not ensure that its SF-425 reports included all activity in the reporting period, were supported by applicable accounting records, and were fairly presented in accordance with program requirements. That occurred because (1) reports the Division of Emergency Management prepared were not based on information in the Department’s financial system (instead, those reports were based on information from the federal system through which the Department requested funds) and (2) the Department used an incorrect methodology or incomplete information for some information it reported. As a result, auditors identified errors in all 13 SF-425 reports tested. Specifically:

- For 11 (85 percent) of 13 reports tested, the Department incorrectly reported its cash disbursements and the federal share of expenditures based on the amount of funds it received according to the federal SmartLink system through which it requested funds, instead of based on expenditure information from the Department’s accounting system. The Department also incorrectly reported several other data fields, including cash on hand, total federal share, and the unobligated balance of federal funds because those fields were derived from the incorrectly reported cash disbursement amount. In addition, the Department incorrectly reported the federal share of unliquidated obligations for those 11 reports.
- For 2 (15 percent) of the 13 reports tested, both of which the Grants Finance unit prepared, the Department indicated that it prepared the reports on a cash basis; however, the supporting accounting data indicated the reports were prepared on an accrual basis.
- For all 13 reports tested, the Department did not correctly report information associated with matching amounts for each project. Specifically, for the two reports the Grants Finance unit prepared, the total recipient share required and the recipient share of expenditures were based on incorrect formulas. For the 11 reports the Division of Emergency Management prepared, the amounts reported for total recipient share required and recipient share of expenditures were supported by spreadsheets the Department used to track recipient expenditures; however, the Department does not reconcile those spreadsheets with its accounting data; therefore, the Department should not rely on those spreadsheets. As a result of those errors, the Department also incorrectly reported the remaining subrecipient share to be provided for all 13 reports tested.
- For all 13 reports tested, the Department did not include indirect cost expenditures in the amount it reported for cash disbursements as required. The Department omitted those expenditures because it had not established a method to record them in the accounting system when it charges those expenditures to a federal grant.

Unsupported, omitted, and inaccurate information in reports increases the risk that federal agencies could rely on inaccurate information.

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

<u>Disaster Number</u>	<u>Award Number</u>	<u>Start Date</u>
1356	FEMA-1356-DR	January 8, 2001
1379	FEMA-1379-DR	June 9, 2001
1425	FEMA-1425-DR	July 4, 2002
1439	FEMA-1439-DR	November 5, 2002
1479	FEMA-1479-DR	July 17, 2003
1606	FEMA-1606-DR	September 24, 2005
1624	FEMA-1624-DR	January 11, 2006
1658	FEMA-1658-DR	August 15, 2006
1697	FEMA-1697-DR	May 1, 2007
1709	FEMA-1709-DR	June 29, 2007
1730	FEMA-1730-DR	October 02, 2007
1780	FEMA-1780-DR	July 24, 2008
1791	FEMA-1791-DR	September 13, 2008
1931	FEMA-1931-DR	August 3, 2010

PUBLIC SAFETY, DEPARTMENT OF

<u>Disaster Number</u>	<u>Award Number</u>	<u>Start Date</u>
1999	FEMA-1999-DR	July 1, 2011
4029	FEMA-4029-DR	September 9, 2011

Recommendation:

The Department should develop and implement a process to report required information based on supporting information, including information from its financial systems or other accounting information.

Management Response and Corrective Action Plan 2012:

The Department agrees with the recommendation and will implement a process to assure reported information is properly supported.

Management Response and Corrective Action Plan 2013:

The federal quarterly 425 reporting process on the Hazard Mitigation grant program has been a shared process between TDEM and Grants Accounting. A complete transition to Grants Accounting is scheduled to be completed in May 2014, where data from the accounting system is the standard support for these reports.

Implementation Date: May 2014

Responsible Person: Maureen Coulehan

Reference No. 13-117

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

CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Award years – See below

Award numbers – See below

Type of finding – Material Weakness and Material Non-Compliance

Allowable Costs/Cost Principles Payroll

In accordance with Title 2, Code of Federal Regulations (CFR), Chapter 225, when employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that award or cost objective for the period covered by the certification. Those certifications must be prepared at least semi-annually and signed by the employees or supervisory official having firsthand knowledge of the work performed by the employees.

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

- Reflects an after-the-fact distribution of the actual activity of each employee.
- Accounts for the total activity for which each employee is compensated.
- Is prepared at least monthly and must coincide with one or more pay periods.
- Is signed by the employee.

Initial Year Written: 2012 Status: Partially Implemented U.S. Department of Homeland Security

PUBLIC SAFETY, DEPARTMENT OF

Budget estimates or other distribution percentages that are developed before services are performed do not qualify as support for charges to federal awards but may be used for interim purposes, provided that at least quarterly comparisons of actual costs to budgeted distributions based on the monthly activity reports are made and any adjustments are reflected in the amounts billed to the federal program. Costs charged to federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show that the differences between budgeted and actual costs are less than 10 percent.

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

The Department of Public Safety (Department) based 7 (54 percent) of 13 Disaster Grants – Public Assistance (Presidentially Declared Disasters) payroll charges tested that were based on budget estimates; therefore, those payroll charges did not reflect an after-the-fact distribution of the actual activity of each employee. The Department requires its employees to complete weekly time sheets to indicate the number of hours they work, including the number of hours charged to each federal award. The Department then estimates its payroll charges based on actual time charged in a previous period. However, the Department has not established controls to ensure that it reconciles the estimated effort with the actual effort for each employee. That resulted in questioned costs of \$8,004 associated with the awards listed in the column “Question Costs Related to Payroll” in the table below.

Additionally, for 6 (46 percent) of 13 payroll charges tested that were based on budget estimates, the Department did not perform its reconciliation of estimated effort with actual effort; however, for those payroll charges, this did not result in non-compliance because the estimated and actual charges were the same.

For 1 (6 percent) of 18 payroll charges tested, the Department did not allocate the cost correctly. The percentage of effort the Department charged to the disaster did not match the percentage of effort that staff worked on the disaster. That resulted in a questioned cost of \$346 associated with award FEMA-1791-DR.

Controls relating to payroll expenditures were not always operating effectively to ensure compliance with applicable federal requirements. **For 1 (6 percent) of 18 payroll charges tested, the Department could not provide all of the evidence of its review or approval of the associated employee time sheets.** Therefore, auditors were unable to determine whether that expenditure was supported by timesheets and whether there were related questioned costs.

Allowable Costs/Cost Principles and Activities Allowed or Unallowed – Non-payroll

The Office of Management and Budget (OMB) requires that costs be allocable to federal awards under the provisions of Title 2, CFR, Chapter 225. Any cost allocable to a particular federal award or cost objective may not be charged to other federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the federal awards, or for other reasons. Additionally, to be allowable under federal awards, costs must be adequately documented (Title 2, CFR, Chapter 225).

One (2 percent) of 64 non-payroll expenditures tested at the Department was unallowable. The Department charged an expenditure for food to a Disaster Grants – Public Assistance (Presidentially Declared Disasters) grant, but it did not have a corresponding, approved project worksheet. This resulted in questioned costs of \$1,564 associated with award FEMA-4029-DR.

In addition, 4 (6 percent) of 64 non-payroll expenditures tested were not solely allocable to individual awards within the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program, but the Department charged all of those expenditures to that program. Specifically:

- The Department charged one expenditure to the wrong disaster. Although the Department reviewed that expenditure prior to payment, its review was not sufficient to identify the error. Because that expenditure was strictly related to the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program, auditors did not consider this to be a questioned cost.
- The Department’s support for one expenditure indicated that the expenditure was related to the Fire Management Assistance Grant program, but the Department incorrectly charged that expenditure to the to the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program. That resulted in questioned costs of \$349 associated with award FEMA-4029-DR.

- The Department's support for two expenditures did not identify the grant programs that benefited from the work performed. Those errors occurred because the Department does not have a policy requiring vendors to submit adequate documentation specifying the grant programs that benefited, which is necessary to appropriately allocate those costs. Those errors resulted in questioned costs of \$43,234 associated with award FEMA-1791-DR.

Indirect Costs

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

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

The Department began charging indirect costs to the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program during fiscal year 2012. In 2009, the Department hired a third-party vendor to develop an IDCRP on its behalf based on its fiscal year 2007 expenditures. However, the Department did not submit that IDCRP to the federal cognizant agency until February 2012. The Department asserted that the submission delay occurred because it had originally submitted the IDCRP to the incorrect federal cognizant agency. The Federal Emergency Management Agency (FEMA) approved the IDCRP on May 7, 2012. The IDCRP included a fixed rate of 55.59 percent for fiscal years 2008 and 2009, and that same rate on a provisional basis for periods from fiscal year 2009 forward. The Department's next IDCRP is due in February 2013.

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

Prior to the approval of its IDCRP, the Department used a previous indirect cost rate agreement to charge indirect costs to federal awards; however, that agreement expired on August 31, 2007. As a result, the Department had been charging indirect costs without a valid rate agreement. Additionally, the Department did not record indirect cost transactions in its financial system at the time it made each charge. Instead, the Department processed an adjusting entry to its schedule of expenditures of federal awards to recognize \$1,123,360 in indirect cost charges for the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program during fiscal year 2012; however, based on auditors' analysis, the Department charged \$1,207,153 in indirect costs during fiscal year 2012. (The Department's calculation excluded one indirect cost charge it made in the amount of \$83,793.)

Through analysis of the Department's draw downs and expenditures during fiscal year 2012, auditors identified a total of \$732,241 in indirect costs the Department charged under the expired agreement. That amount is considered questioned costs. (See "Questioned Costs Related to Indirect Costs" below for the individual awards to which the Department charged the \$732,241.)

PUBLIC SAFETY, DEPARTMENT OF

The issues noted above affected the following Disaster Grants – Public Assistance (Presidentially Declared Disasters) awards:

<u>Award Number</u>	<u>Start Date</u>	<u>Questioned Costs Related to Payroll</u>	<u>Questioned Costs Related to Non-Payroll Direct Costs</u>	<u>Questioned Costs Related to Indirect Costs</u>	<u>Total Questioned Costs</u>
FEMA-1257-DR	October 21, 1998	\$ 0	\$ 0	\$ 0	\$ 0
FEMA-1379-DR	June 9, 2001	1,099	0	0	1,099
FEMA-1425-DR	July 4, 2002	66	0	0	66
FEMA-1479-DR	July 17, 2003	44	0	0	44
FEMA-1606-DR	September 24, 2005	0	0	0	0
FEMA-1624-DR	January 11, 2006	0	0	0	0
FEMA-1658-DR	August 15, 2006	0	0	0	0
FEMA-1709-DR	June 29, 2007	22	0	0	22
FEMA-1780-DR	July 24, 2008	0	0	83,793	83,793
FEMA-1791-DR	September 13, 2008	346	43,234	611,181	654,761
FEMA-1931-DR	August 3, 2010	0	0	23,999	23,999
FEMA-1999-DR	July 1, 2011	0	0	13,268	13,268
FEMA-3216-EM	September 2, 2005	88	0	0	88
FEMA-3261-EM	September 21, 2005	0	0	0	0
FEMA-3277-EM	August 18, 2007	0	0	0	0
FEMA-3290-EM	August 29, 2008	768	0	0	768
FEMA-4029-DR	September 9, 2011	5,917	1,913	0	7,830
	Total Questioned Cost	\$ 8,350	\$ 45,147	\$ 732,241	\$ 785,738

General Controls

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

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

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

Corrective Action:

This finding was reissued as current year reference number: 2013-107.

Reference No. 13-118

Cash Management

(Prior Audit Issues 12-112 and 11-112)

CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Award years – See below

Award numbers – See below

Type of finding – Material Weakness and Material Non-Compliance

Funding Technique

According to the Cash Management Improvement Act agreement between the U.S. Department of the Treasury and the State of Texas (Treasury-State Agreement) applicable to fiscal year 2012, the Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program exceeds the State’s threshold for major federal assistance programs (Treasury-State Agreement, Section 4.2). Therefore, the Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program is subject to the requirements of the Treasury-State Agreement. Specifically, the Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program is subject to the pre-issuance funding technique (Treasury-State Agreement, Section 6.3.2). Under the pre-issuance funding method, the State is required to request that funds be deposited into the state account no more than three days prior to the day the State makes a disbursement (Treasury-State Agreement, Section 6.2.1).

Initial Year Written: 2010
Status: Partially Implemented

U.S. Department of Homeland Security

Under the pre-issuance funding method, the State is required to request that funds be deposited into the state account no more than three days prior to the day the State makes a disbursement (Treasury-State Agreement, Section 6.2.1).

For 25 (38 percent) of 65 drawdowns tested for the Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program, the Department of Public Safety (Department) did not comply with the time requirements for disbursing federal funds. Specifically, the Department disbursed funds from those 25 drawdowns between 4 and 14 days after it received those funds.

The Department uses a manual process to disburse funds to its subrecipients, and that process does not consistently ensure the timely disbursement of funds. Additionally, the Department’s process for drawing funds for payroll costs is not adequately designed to minimize the time between the drawdown of funds and the disbursement of payroll. The Department drew funds for payroll at the same time that it ran its monthly trial balance; on average, that occurred 12.8 days before the Department needed to disburse payroll.

Draw Support

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

Five (8 percent) of 66 cash draws tested at the Department were not supported by actual or identifiable costs. That occurred because the Department has not implemented sufficient monitoring or review controls over its cash draw process. Additionally, the Department has not identified clear criteria to establish the level of support necessary for each draw down. **Based on additional analysis of Department’s fiscal year 2012 drawdowns, the Department drew down a total of \$275,938 in federal funds that were not supported by actual or identifiable costs (see the table below for the awards associated with the \$275,938 in questioned costs).**

Calculation of Clearance Pattern

According to Title 31, CFR Section 205.12, the federal government and a state may negotiate the use of mutually-agreed upon funding techniques. Funding techniques should be efficient and minimize the exchange of interest between states and federal agencies. States use clearance patterns to project when funds are paid out, given a known dollar amount and a known date of disbursement. States must ensure that clearance patterns meet the requirements of Title 31, CFR, Section 205.20.

According to the Treasury-State Agreement, the Department must calculate the clearance pattern for period 1 (the number of days from deposit date to issuance date, where issuance date is the date of the actual release of

PUBLIC SAFETY, DEPARTMENT OF

payments). The Texas Office of the Comptroller of Public Accounts will calculate the clearance pattern for period 2 (the number of days from issuance date to clearance date).

The Department’s clearance pattern for period 1 does not comply with the requirements for developing and maintaining clearance patterns in the Treasury-State Agreement. Specifically, the Department:

- Incorrectly classified its payroll expenses as reimbursements. However, the Department drew down funds for those expenses on a pre-issuance basis. During fiscal year 2012, the Department changed its payroll drawdown process from a reimbursement-based draw process to a pre-issuance draw process, but it did not account for that change when it calculated its clearance pattern for period 1.
- Based its calculation of the clearance pattern for period 1 on an incorrect disbursement date. That occurred because the Department used an incorrect field in its financial system.

As a result of those errors, the Department overstated its clearance pattern for period 1 by 1.08 days. Although management within the Department’s Grants Finance unit reviewed the clearance pattern calculation, that review was not sufficient to ensure that the Department correctly calculated the clearance pattern for period 1.

The issues noted above affected the following Disaster Grants – Public Assistance (Presidentially Declared Disasters) awards:

<u>Disaster</u>	<u>Grant Number</u>	<u>Start Date</u>	<u>Questioned Costs</u>
1257	FEMA-1257-DR	October 12, 1998	\$ 0
1379	FEMA-1379-DR	June 9, 2001	0
1425	FEMA-1425-DR	July 4, 2002	0
1479	FEMA-1479-DR	July 17, 2003	3,142
1606	FEMA-1606-DR	September 24, 2005	0
1624	FEMA-1624-DR	January 11, 2006	0
1658	FEMA-1658-DR	August 15, 2006	0
1709	FEMA-1709-DR	June 29, 2007	0
1780	FEMA-1780-DR	July 24, 2008	72,674
1786	FEMA-1786-DR	September 2, 2008	0
1791	FEMA-1791-DR	September 13, 2008	160,846
1931	FEMA-1931-DR	August 3, 2010	9,306
1999	FEMA-1999-DR	July 1, 2011	1,370
3216	FEMA-3216-EM	September 2, 2005	0
3261	FEMA-3261-EM	September 21, 2005	0
3277	FEMA-3277-EM	August 18, 2007	149
3290	FEMA-3290-EM	August 29, 2008	28,451
3294	FEMA-3294-EM	September 10, 2008	0
4029	FEMA-4029-DR	September 9, 2011	0
Total Questioned Costs			<u><u>\$275,938</u></u>

Corrective Action:

This finding was reissued as current year reference number: 2013-108.

Reference No. 13-119

Period of Availability of Federal Funds

CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

Period of Availability

For major disaster declarations, the grantee may expend management cost funds for allowable costs for a maximum of 8 years from the date of the major disaster declaration or 180 days after the latest performance period date of a non-management cost Public Assistance project worksheet, whichever is sooner (Title 44, Code of Federal Regulations (CFR), Section 207.8(b) and Title 44, CFR Section 207.9(a) and (d)). Additionally, project worksheets issued by the Federal Emergency Management Agency (FEMA) specify a period of performance for each project.

Initial Year Written: 2012
Status: Partially Implemented

U.S. Department of Homeland
Security

The Department of Public Safety (Department) charged direct costs to Disaster Grants – Public Assistance (Presidentially Declared Disasters) awards that it had incurred after the period of performance for those awards. Specifically:

- For 1 (6 percent) of 16 transfers tested, the Department could not provide evidence that it incurred the original cost supporting that transfer within the period of performance for the award to which it charged the cost. For that transfer, the Department incurred the cost between December 2011 and January 2012; however, based on information the Department provided, the period of performance for the award ended on September 27, 2005. That resulted in questioned costs of \$152 associated with award number FEMA-1257-DR.
- For 1 (2 percent) of 64 non-payroll direct cost expenditures tested, the Department incurred direct costs after the period of performance for the federal award to which it charged that cost. The Department incurred that cost in May 2012; however, based on information the Department provided, the period of performance for the award ended on September 27, 2005. That resulted in questioned costs of \$383 associated with award number FEMA-1257-DR.
- The Department incurred 1 (6 percent) of 18 payroll expenditures tested after the end of the period of performance for the federal awards to which it charged those costs. Further analysis of the entire population of Department payroll charges during fiscal year 2012 indicates that the Department charged a total of \$58,908 in payroll costs after the end of the period of performance for the awards to which it charged those costs (see “Questioned Costs Related to Payroll” below for the individual awards to which the Department charged the \$58,908).
- For 2 (11 percent) of 18 payroll expenditures tested, auditors could not determine whether the Department incurred the cost during the period of performance for the award because the Department assigned that cost to a generic budget code that could be connected with multiple disasters. However, the Department asserted that it had not yet drawn federal expenditures for that transaction.

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

PUBLIC SAFETY, DEPARTMENT OF

The issues noted above affected the following Disaster Grants – Public Assistance (Presidentially Declared Disasters) awards:

Disaster	Award Number	Start Date	Questioned Costs Related to Payroll	Other Questioned Costs	Total Questioned Costs
1257	FEMA-1257-DR	October 21, 1998	\$ 305	\$ 535	\$ 840
1379	FEMA-1379-DR	June 9, 2001	39,044	0	39,044
1425	FEMA-1425-DR	July 4, 2002	9,147	0	9,147
1479	FEMA-1479-DR	July 17, 2003	760	0	760
1606	FEMA-1606-DR	September 24, 2005	0	0	0
1624	FEMA-1624-DR	January 11, 2006	9,652	0	9,652
1658	FEMA-1658-DR	August 15, 2006	0	0	0
1709	FEMA-1709-DR	June 29, 2007	0	0	0
1780	FEMA-1780-DR	July 24, 2008	0	0	0
1791	FEMA-1791-DR	September 13, 2008	0	0	0
1931	FEMA-1931-DR	August 3, 2010	0	0	0
1999	FEMA-1999-DR	July 1, 2011	0	0	0
3216	FEMA-3216-EM	September 2, 2005	0	0	0
3261	FEMA-3261-EM	September 21, 2005	0	0	0
3277	FEMA-3277-EM	August 18, 2007	0	0	0
3290	FEMA-3290-EM	August 29, 2008	0	0	0
4029	FEMA-4029-DR	September 9, 2011	0	0	0
Total Questioned Costs			<u>\$58,908</u>	<u>\$ 535</u>	<u>\$59,443</u>

Corrective Action:

This finding was reissued as current year reference number: 2013-109.

Reference No. 13-120

**Procurement and Suspension and Debarment
Subrecipient Monitoring**

Special Test and Provisions – Project Accounting
(Prior Audit Issues 12-113, 11-115, 10-42, and 09-48)

CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Award years – See below

Award numbers – See below

Type of finding – Materiel Weakness and Material Non-Compliance

The Department of Public Safety (Department) is required by Office of Management and Budget (OMB) Circular A-133, Section .400, to monitor subrecipients’ use of federal awards to provide reasonable assurance that subrecipients administers federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Initial Year Written:	2008
Status:	Partially Implemented
U.S. Department of Homeland Security	

In fiscal year 2012, the Department passed through \$90,232,350 in Disaster Grants – Public Assistance (Presidentially Declared Disasters) funds to its subrecipients.

Award Identification and Subrecipient Suspension and Debarment

As a pass-through entity, the Department is required by OMB Circular A-133, Section .400(d), to identify to subrecipients, at the time of the subaward, federal award information, including the Catalog of Federal Domestic Assistance (CFDA) title and number, award name and number, whether the award is research and development, name of federal awarding agency, and applicable compliance requirements.

In addition, federal rules require that, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Title 2, Code of Federal Regulations (CFR), Section 180.300). Covered transactions include procurement contracts for goods and services that are expected to equal or exceed \$25,000 and all nonprocurement transactions (that is, subawards to subrecipients) irrespective of award amount (Title 2, CFR, Section 180.220).

The Department communicates federal award information to subrecipients on an application for federal assistance and requires that subrecipients sign various assurances to ensure that they are aware of award information and applicable federal compliance requirements. The application also serves as the subrecipients' certification that they are not suspended or debarred from participating in federal contracts.

For 7 (11 percent) of 65 subrecipients tested, the Department could not provide all signed assurances that it should have maintained in the subrecipients' files. As a result, the Department could not provide evidence that it communicated the CFDA title and number, award name and number, name of federal awarding agency, and applicable compliance requirements. It also could not provide evidence that it verified that those subrecipients were not suspended or debarred through the subrecipients' certifications. Auditors verified through the EPLS that those subrecipients were not currently suspended or debarred.

Incomplete communication of federal compliance requirements in the Department's award documents increases the risk that subrecipients will not follow federal guidelines related to administering subrecipient awards. Failure to verify that a subrecipient is not suspended or debarred increases the risk that the Department will enter into an agreement with an entity that is not eligible to receive federal funds.

During-the-award Monitoring

Recipients of Disaster Grants – Public Assistance (Presidentially Declared Disasters) funds are required to monitor grant-supported and subgrant-supported activities to ensure compliance with applicable federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function, or activity (Title 44, CFR, Section 13.40). The Department monitors subrecipient projects classified as “large” projects through review and approval of payment vouchers, quarterly performance reporting, and audits and inspections of subrecipient projects. However, **the Department did not consistently enforce and monitor subrecipient compliance with federal requirements. As a result, the Department's controls did not detect subrecipient non-compliance with federal requirements.**

For 10 (15 percent) of 65 subrecipients tested, the Department could not provide evidence that it monitored the subrecipients' compliance with requirements related to period of availability of federal funds. For those 10 projects, the performance period of the subgrant had expired, and the Department could not provide evidence that it had approved an extension of that period. The Federal Management Emergency Agency's (FEMA) Public Assistance Grant Guide from June 2007 requires that (1) debris removal and emergency projects be completed within 6 months of a disaster declaration and (2) permanent projects, such as building repair, be completed within 18 months of a disaster declaration. In limited circumstances, a state is authorized to award time extensions to its subrecipients. Additionally, periods of performance are identified in award documentation. However, the Department has not established a formal monitoring process to identify subrecipients that do not complete projects within the established period of performance prior to project close-out. This increases the risk that subrecipients could incur costs outside of the period of performance, and that the non-compliance could go undetected by the Department.

For 2 (3 percent) of 65 subrecipients tested, the Department did not provide sufficient evidence that it monitored subrecipients' compliance with cash management requirements. Specifically, for one subrecipient, the Department could not provide evidence that it ensured that the subrecipient requested an advance through the Department's advance funds request process, and the Department passed through funds to that subrecipient that were not in compliance with the requirements established in the Department's State Administrative Plan. As a result, the Department paid that subrecipient with funds that it should have held until the completion of the project. For the second subrecipient, the Department did not follow up with the subrecipient to obtain funds that were due back to the Department and FEMA from insurance proceeds received on the subrecipient's project. The Department asserted that the subrecipient was still negotiating with FEMA regarding that adjustment; as a result, the Department had not yet required the subrecipient to return those funds.

The Department conducts final audits on projects that FEMA designates as "large" projects according to the Department's State Administrative Plan for each disaster, and it uses those audits to monitor its subrecipients' compliance with requirements related to allowable costs and activities, equipment maintenance, and procurement. However, the Department conducts those audits at the conclusion of a project. **Final audits may not always be an effective monitoring tool to identify potential subrecipient non-compliance during the performance period of a subgrant.**

The Department has not established processes to monitor subrecipients' compliance with requirements related to equipment maintenance and procurement during the performance period of a subgrant. Therefore, it could not provide evidence that it monitored subrecipients' compliance with those requirements during the performance period of a subgrant. Specifically:

- The Department could not provide evidence that it monitored subrecipients' compliance with requirements related to equipment for 13 (33 percent) of 39 subrecipient projects for which it should have monitored compliance.
- The Department could not provide evidence that it monitored subrecipients' compliance with requirements related to procurement and suspension and debarment for 29 (50 percent) of 58 subrecipient projects for which it should have monitored compliance.

In addition, the Department did not consistently identify deficiencies in subrecipient compliance, such as deficiencies related to quarterly reporting requirements, submission of required project completion forms, and other deficiencies that auditors noted in subrecipients' files. It also did not follow up on those deficiencies to ensure that subrecipients took corrective action. **As a result, for 15 (33 percent) of 45 subrecipients with deficiencies, the Department could not provide evidence that it communicated the deficiencies to the subrecipients in a timely manner or that the subrecipients took corrective action.**

For subrecipients with projects classified as "small" projects (as established by the Department's State Administrative Plan for each disaster), the Department is required to perform site inspections for at least 20 percent of each subrecipient's small projects for each disaster. However, the Department exempted from that requirement small projects that are identified as 99 or 100 percent complete at the time that a project worksheet is written. As a result, the Department did not perform during-the-award monitoring of subrecipients with projects that met those criteria, although those subrecipients may have had multiple projects under each disaster. **Auditors identified 3 (5 percent) of 65 subrecipients tested whose projects were closed but for which the Department did not conduct site visits.**

Insufficient monitoring during the award period increases the risk that the Department would not detect subrecipients' non-compliance with requirements regarding federally funded projects.

Subrecipient Audits

According to OMB Circular A-133, the Department must ensure that each subrecipient expending federal funds in excess of \$500,000 obtain an OMB Circular A-133 Single Audit and provide a copy of the audit report to the Department within 9 months of the subrecipient's fiscal year end (OMB Circular A-133, Sections 320 and 400). In addition, the Department must issue a management decision on audit findings within six months after receipt of a subrecipient's audit report (OMB Circular A-133, Section 400). In cases of continued inability or unwillingness of a

PUBLIC SAFETY, DEPARTMENT OF

subrecipient to obtain the required audits, the Department must take appropriate action using sanctions (OMB Circular A-133, Section 225).

The Department’s Standards and Compliance group within its Division of Emergency Management monitors subrecipient Single Audits through a tracking spreadsheet, and it documents its review of submitted audit reports using a checklist. However, **for 12 (22 percent) of 55 subrecipients tested for which the Department was required to monitor compliance with the requirement to obtain a Single Audit, the Department did not effectively monitor or enforce subrecipient compliance with this requirement during fiscal year 2012.** As a result, the Department could not provide documentation to support that all subrecipients complied with the requirement to obtain a Single Audit or that it sanctioned subrecipients that did not comply. Specifically:

- The Department did not include one subrecipient on its tracking spreadsheet. As a result, the Department did not verify whether that subrecipient complied with the requirement to obtain a Single Audit or review that subrecipient’s Single Audit report. Based on a review of the Federal Audit Clearinghouse, that subrecipient did not submit Single Audit reports for fiscal year 2011.
- The Department did not review the Single Audit reports that nine subrecipients submitted. The Department incorrectly determined that it did not need to review two of those reports because its Division of Emergency Management did not pass through funds to the subrecipients during fiscal year 2011; however, each of these subrecipients received funds during fiscal year 2012.
- The Department did not obtain Single Audit reports from two subrecipients on its tracking spreadsheet and could not provide evidence that it sanctioned those subrecipients for non-compliance.

Finally, **for 4 (7 percent) of 55 subrecipients tested, the Department’s Single Audit tracking spreadsheet was incomplete or contained inaccurate information.** This increases the risk that the Department may not identify instances of subrecipient non-compliance, or that it may not require a subrecipient to submit a Single Audit report.

Inaccurate information in its tracking spreadsheet can prevent the Department from identifying and addressing subrecipient noncompliance. Not ensuring that subrecipients obtain Single Audits and not reviewing those Single Audit reports increases the risk that deficiencies could go unaddressed.

The issues noted above affect the following Disaster Grants – Public Assistance (Presidentially Declared Disasters) awards:

<u>Disaster Number</u>	<u>Grant Number</u>	<u>Start Date</u>
1257	FEMA-1257-DR	October 21, 1998
1379	FEMA-1379-DR	June 9, 2001
1425	FEMA-1425-DR	July 4, 2002
1479	FEMA-1479-DR	July 17, 2003
1606	FEMA-1606-DR	September 24, 2005
1709	FEMA-1709-DR	June 29, 2007
1780	FEMA-1780-DR	July 24, 2008
1791	FEMA-1791-DR	September 13, 2008
1931	FEMA-1931-DR	August 3, 2010
1999	FEMA-1999-DR	July 1, 2011
3216	FEMA-3216-EM	September 2, 2005
3290	FEMA-3290-EM	August 29, 2008
3294	FEMA-3294-EM	September 10, 2008
4029	FEMA-4029-DR	September 9, 2011

Corrective Action:

This finding was reissued as current year reference number: 2013-110.

Reference No. 13-121

Reporting

(Prior Audit Issues 12-114, 11-114, 10-41, 09-47, 08-91, and 07-26)

CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Award years – See below

Award numbers – See below

Type of finding – Material Weakness and Material Non-Compliance

SF-425 Reports

Recipients are responsible for managing, monitoring, and reporting performance for each program, subaward, function, or activity supported by the award. Recipients use the Federal Financial Report SF-425 (Office of Management and Budget No. 0348-0061) to report financial activity on a quarterly basis. Additionally, the Office of Management and Budget provides specific instructions for completing the SF-425 in its Federal Financial Report Instructions, including definitions of key reporting elements.

Initial Year Written:	2006
Status:	Partially Implemented
U.S. Department of Homeland Security	

During fiscal year 2012, the Department of Public Safety’s (Department) Division of Emergency Management and the Department’s Grants Finance unit prepared SF-425 reports. Prior to January 2012, the Division of Emergency Management prepared all reports. In January 2012, the Department moved the reporting function for some disasters to its Grants Finance unit.

The Department did not ensure that its SF-425 reports included all activity in the reporting period, were supported by applicable accounting records, and were fairly presented in accordance with program requirements. Those errors occurred because (1) reports the Division of Emergency Management prepared were not based on information in the Department’s financial system (instead, those reports were based on information from the federal system through which the Department requested funds) and (2) the Department used an incorrect methodology or incomplete information for some information it reported. As a result, auditors identified errors in all 19 SF-425 reports tested. Specifically:

- For 15 (79 percent) of 19 reports tested, the Department reported its cash disbursements and the federal share of expenditures based on the amount of funds it received according to the federal SmartLink system through which it requested funds, instead of based on expenditure information from the Department’s accounting system. As a result, the Department also incorrectly reported several other data fields, including cash on hand, total federal share, and unobligated balance of federal funds.
- For 3 (16 percent) of 19 reports, the Department’s Grants Finance unit incorrectly reported cash disbursements based on the amount of cash the Department received from its federal awarding agency, instead of based on expenditures.
- For all 19 reports tested, the Department did not correctly report information associated with matching amounts for each project. Specifically, the Department reported its total recipient share required based on an incorrect formula that it applied to all reports. Additionally, it incorrectly reported its recipient share of expenditures because it based the amount it reported on a calculation instead of actual expenditures. As a result of those errors, the Department also incorrectly reported the remaining recipient share to be provided.
- For all 19 reports tested, the Department did not correctly determine its federal share of unliquidated obligations.
- For all 19 reports tested, the Department did not include indirect cost expenditures in the amount it reported for cash disbursements as required. The Department omitted those expenditures because it had not established a method to record them in its accounting system when it charges those expenditures to a federal grant.

Unsupported, omitted, and inaccurate information in reports increases the risk that federal agencies could rely on inaccurate information.

PUBLIC SAFETY, DEPARTMENT OF

The issues noted above affected the following Disaster Grants – Public Assistance (Presidentially Declared Disasters) program awards:

Disaster Number	Award Number	Start Date
1257	FEMA-1257-DR	October 21, 1998
1379	FEMA-1379-DR	October 1, 1999
1425	FEMA-1425-DR	July 4, 2002
1479	FEMA-1479-DR	July 17, 2003
1606	FEMA-1606-DR	September 24, 2005
1624	FEMA-1624-DR	January 11, 2006
1658	FEMA-1658-DR	August 15, 2006
1709	FEMA-1709-DR	June 29, 2007
1780	FEMA-1780-DR	July 24, 2008
1786	FEMA-1786-DR	September 9, 2008
1791	FEMA-1791-DR	September 13, 2008
1931	FEMA-1931-DR	August 15, 2006
1999	FEMA-1999-DR	July 1, 2011
3216	FEMA-3216-EM	September 2, 2005
3261	FEMA-3261-EM	September 21, 2005
3277	FEMA-3277-EM	August 18, 2007
3290	FEMA-3290-EM	September 7, 2008
3294	FEMA-3294-EM	September 10, 2008
4029	FEMA-4029-DR	September 9, 2011

Federal Funding Accountability and Transparency Act (FFATA) Reports

The Federal Funding Accountability and Transparency Act (FFATA) requires prime recipients of federal awards made on or after October 1, 2010, to capture and report subaward and executive compensation data regarding first-tier subawards that exceed \$25,000. A subaward is defined as a legal instrument to provide support for the performance of any portion of the substantive project or program for which a recipient received a grant or cooperative agreement award and that is awarded to an eligible subrecipient (Title 2, Code of Federal Regulations (CFR), Chapter 170).

During fiscal year 2012, the Department did not attempt to report subawards for the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program to the FFATA Reporting System (FSRS). Specifically, the Department could not provide evidence that it attempted to report subawards that it issued under two prime awards that were subject to FFATA to FSRS until October 18, 2012; 405 days after the declaration date for DR-4029 and 475 days after the declaration date for DR-1999. The Department passed-through \$28,173,337 to subrecipients for DR-1999 and DR-4029 during fiscal year 2012.

The issues noted above affected the following Disaster Grants – Public Assistance (Presidentially Declared Disasters) awards:

Disaster Number	Award Number	Start Date
4029	FEMA-4029-DR	September 9, 2011
1999	FEMA-1999-DR	July 1, 2011

PUBLIC SAFETY, DEPARTMENT OF

Not submitting all required reports to FSRS decreases the reliability and availability of information provided to the awarding agency and other users of that information.

Corrective Action:

This finding was reissued as current year reference number: 2013-111.

Reference No. 11-113

Procurement and Suspension and Debarment

Matching, Level of Effort, Earmarking

Period of Availability of Federal Funds

(Prior Audit Issue 10-40)

Public Assistance Cluster

Award years – see below

Award numbers – see below

Type of finding – Significant Deficiency and Non-Compliance

Procurement and Suspension and Debarment

Federal rules require that, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Title 2, Code Federal Regulations, Section 180.300). Covered transactions include procurement contracts for goods and services that are expected to equal or exceed \$25,000 and all nonprocurement transactions (that is, subawards to subrecipients) irrespective of award amount (Title 2, Code of Federal Regulations, Sections 180.210).

Initial Year Written:	2009
Status:	Implemented

U.S. Department of Homeland Security	
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For all 12 procurements tested, the Department of Public Safety (Department) did not verify that the vendors were not suspended or debarred from federal procurements. Eleven of those 12 procurements were for sheltering services, and the remaining procurement was for the purchase of showers, toilets, and hand-washing stations. Auditors reviewed the EPLS and verified that the vendors for those 12 procurements were not currently suspended or debarred. The 12 procurements totaled \$6,683,329.

The Department did not have a process to ensure that vendors providing shelter/emergency services and mutual aid services during emergencies were not suspended or debarred from federal procurements. Failure to verify the suspension and debarment status of all vendors increases the risk that the Department will enter into an agreement with an entity that is not eligible for federal procurements.

Additionally, the Department could not provide evidence that it verified that 2 (4 percent) of 50 subrecipients were not suspended or debarred before entering into an award agreement. For these two subrecipients, the Department was not able to provide evidence of subrecipient award documentation, including the subrecipients' certification that they were not suspended or debarred.

The issue discussed above affected the following awards that had procurements and subawards in fiscal year 2010:

<u>Disaster Number</u>	<u>Grant Number</u>	<u>Start Date</u>
1379	FEMA-1379-DR	June 9, 2001
1791	FEMA-1791-DR	September 13, 2008
3290	FEMA-3290-EM	August 29, 2008
3294	FEMA-3294-EM	September 10, 2008

Corrective Action:

Corrective action was taken.

Reference No. 12-116

Cash Management

CFDA 11.555 – Public Safety Interoperable Communications Grant Program

Award year – October 1, 2007 to September 30, 2011

Award number – 2007-GS-H7-0044

Type of finding – Significant Deficiency and Non-Compliance

The Public Safety Interoperable Communications (PSIC) Grant Program's program guidance and application kit permits the drawdowns of funds on an advance basis and requires state grantees to comply with interest requirements of the Cash Management Improvement Act (CMIA). This guidance also states that interest will accrue from the time federal funds are credited to a state account until the time the state pays out funds or transfers the funds to a subgrantee. The grantee must place those funds in an interest-bearing account, and the interest earned must be submitted to the U.S. Treasury at least quarterly. Interest amounts up to \$100 per year may be retained by the grantee for administrative expenses (Title 44, Code of Federal Regulations, Section 13.21).

Initial Year Written:	2011
Status:	Implemented

U.S. Department of Commerce
U.S. Department of Homeland Security

Interest on Advances

The Department of Public Safety (Department) did not calculate or monitor interest it earned on federal funds for the PSIC Grant Program, nor did it remit interest earned on federal funds to the U.S. Treasury.

The Department has not established a process to calculate or monitor interest it earns on advanced federal funds. The Texas Office of the Comptroller of Public Accounts receives those funds and deposits them into a state treasury account along with non-PSIC Grant Program funds. The Department has not entered into an arrangement with the Texas Office of the Comptroller of Public Accounts to isolate the interest earned solely on PSIC Grant Program funds. Therefore, the Department has never remitted any interest earned on PSIC Grant Program funds to the U.S. Treasury.

Auditors tested a sample of 47 transactions representing 26 percent of the \$25,571,009 in federal PSIC Grant Program funds the Department drew down during fiscal year 2011, and estimated an interest liability of \$52 associated with those transactions.

Corrective Action:

Corrective action was taken.

Reference No. 12-119

Subrecipient Monitoring

CFDA 11.555 – Public Safety Interoperable Communications Grant Program

Award year – October 1, 2007 to September 30, 2011

Award number – 2007-GS-H7-0044

Type of finding – Significant Deficiency and Non-Compliance

The Department of Public Safety (Department) is required by Office of Management and Budget (OMB) Circular A-133, Section .400, to monitor subrecipients to ensure compliance with federal rules and regulations, as well as the provisions of the contracts or grant agreements.

In fiscal year 2011, the Department passed through \$20,818,024 in Public Safety Interoperable Communications (PSIC) funding to its subrecipients.

Initial Year Written: 2011
Status: No Longer Valid

U.S. Department of
Commerce
U.S. Department of Homeland
Security

Subrecipient Audits

According to OMB Circular A-133, the Department must ensure that each subrecipient expending federal funds in excess of \$500,000 obtain an OMB Circular A-133 Single Audit and provide a copy of the audit report to the Department within nine months of the subrecipient's fiscal year end (OMB Circular A-133, Sections 320 and 400). In addition, the Department must issue a management decision on audit findings within six months after receipt of a subrecipient's audit report (OMB Circular A-133, Section 400). In cases of continued inability or unwillingness of a subrecipient to obtain the required audits, the Department must take appropriate action using sanctions (OMB Circular A-133 Sections 225).

The Department uses a spreadsheet to track subrecipients' compliance with Single Audit requirements, and it documents its review of submitted audit reports using a Single Audit checklist. However, **for 1 (13 percent) of 8 subrecipients tested, the Department did not ensure that it obtained a copy of the subrecipient's Single Audit report.** The subrecipient was included in the Department's tracking spreadsheet, however, the Department did not ensure that the subrecipient submitted its Single Audit report within nine months of the end of its fiscal year. The Department asserted that it requested the Single Audit report from the subrecipient, but that the subrecipient did not respond to its request. The Department did not provide evidence that it took additional action, such as sanctioning the subrecipient. Information in the Federal Audit Clearinghouse database indicated that the subrecipient had findings related to the PSIC program in its Single Audit report.

Not obtaining a subrecipient's Single Audit report increases the risk that deficiencies could go unaddressed.

Corrective Action:

The PSIC grant period ended on June 30, 2012, and auditors did not identify any subrecipients that received PSIC funds in fiscal year 2013. Therefore, this finding is no longer valid.

Sam Houston State University

Reference No. 10-44

Special Tests and Provisions – Disbursements To or On Behalf of Students

Student Financial Assistance Cluster

Award year – July 1, 2008 to June 30, 2009

Award number – CFDA 84.032 Award Number Not Applicable, 84.007 P007A084110, 84.033 P033A084110, 84.038

Award Number Not Applicable, 84.063 P063P082301, 84.376 P3765082301, and 84.379 P379T092301

Type of finding – Significant Deficiency and Non-Compliance

Pell Reporting

Institutions submit Pell origination records and disbursement records to the U.S. Department of Education’s Common Origination and Disbursement (COD) System. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student payment data within 30 calendar days after they make a payment or become aware of the need to make an adjustment to previously reported student payment data or expected student payment data (OMB Compliance Supplement A-133, March 2009, Part 5, Student Financial Assistance Cluster, III.L.1.e (page 5-3-18)). The disbursement amount and date in the COD System should match the disbursement date and amount in students’ accounts or the amount and date the funds were otherwise made available to students (OMB Compliance Supplement A-133, Part 5, Student Financial Assistance Cluster, III.N.3 (page 5-3-29)).

Initial Year Written:	2009
Status:	Implemented
U.S. Department of Education	

The University’s financial aid system automatically reports Pell disbursements to the COD system. However, the financial aid system reports the estimated disbursement amount and the estimated disbursement date. The estimated disbursement date used to report to the COD System is defined separately from, and is unrelated to, the date the financial aid system is scheduled to actually disburse Pell awards. The financial aid system does not update the disbursement information in the COD System when the actual disbursement is made. As a result, the University reported incorrect disbursement dates to the COD System for all 18 students tested.

Corrective Action:

Corrective action was taken.

Stephen F. Austin State University

Reference No. 12-120

Eligibility

Student Financial Assistance Cluster

Award year – July 1, 2010 to June 30, 2011

Award numbers – CFDA 84.007 P007A104129, CFDA 84.033 P033A104129, CFDA 84.038 Award Number Not Applicable, CFDA 84.063 P063P102315, CFDA 84.268 P268K112315, CFDA 84.375 P375A102315, CFDA 84.376 P376S102315, and CFDA 84.379 P379T112315

Type of finding – Significant Deficiency and Non-Compliance

Cost of Attendance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student’s cost of attendance (COA) minus the expected family contribution (EFC). The phrase “cost of attendance” refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087II).

Initial Year Written:	2011
Status:	Implemented
U.S. Department of Education	

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student’s Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student’s financial need (Title 34, Code of Federal Regulations, Sections 673.5, 673.6, 668.2, and 690.2).

A full-time student is defined as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. For an undergraduate student, an institution’s minimum standard must equal or exceed 12 semester hours. A half-time student is defined as an enrolled student who is carrying a half-time academic workload, as determined by the institution, which amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student (Title 34, Code of Federal Regulations, Section 668.2).

Stephen F. Austin State University (University) uses full-time COA budgets to determine COA for all students receiving financial assistance, regardless of each student’s actual or expected enrollment. As a result, the University overstated COA for 2 (3 percent) of 60 students tested. Those two students were enrolled less than full-time, but the University based their COA on full-time COA budgets, resulting in an overstated COA. Using a full-time COA budget to estimate the COA for students who attend less-than-full-time increases the risk of awarding financial assistance that exceeds financial need.

Because the University uses only full-time COA budgets to determine COA, auditors could not determine whether students attending less than full-time were awarded financial assistance that exceeded their financial need for the 2010-2011 school year.

Corrective Action:

Corrective action was taken.

Texas A&M Agrilife Research

Reference No. 12-127

Allowable Costs/Cost Principles

Research and Development Cluster

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

Indirect Costs

Facilities and administration (F&A) costs shall be distributed to applicable sponsored agreements and other benefiting activities within each major function on the basis of modified total direct costs, consisting of all salaries and wages, fringe benefits, materials and supplies, services, travel, and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Equipment, capital expenditures, charges for patient care and tuition remission, rental costs, scholarships, fellowships, and the portion of each subgrant and subcontract in excess of \$25,000 shall be excluded from modified total direct costs (Title 2, Code of Federal Regulations, Section 220, Appendix A (G)(2)).

Initial Year Written:	2011
Status:	Implemented
National Institutes of Health	
U.S. Agency for International Development	
U.S. Department of Agriculture	
U.S. Department of Commerce	
U.S. Department of Defense	
U.S. Department of Homeland Security	

During fiscal year 2011, AgriLife charged indirect costs using a modified total direct cost base that incorrectly included subaward costs after the first \$25,000 for each of 10 subawards. This resulted in AgriLife charging a total of \$159,616 in indirect costs to 8 prime awards.

AgriLife’s accounting system automatically calculates indirect costs using the indirect cost rate entered in an automated system during the grant project setup phase. The automated system has indirect cost tables that exclude specific object codes from indirect cost calculations. However, during fiscal year 2011, the modified total direct cost table did not exclude the object codes for subaward costs after the first \$25,000 of each subaward.

Because the modified total direct cost calculation was not set up properly, contracts and grants staff had to manually adjust invoices to remove improper indirect costs before requesting reimbursement from the sponsor. AgriLife was not able to provide documentation showing that it adjusted invoices to remove improper indirect cost charges for certain awards.

The issue discussed above affected the following awards:

CFDA No	Agency	Award Number	Award Period	Questioned Cost
10.217	U.S. Department of Agriculture	2009-38411-19768	September 1, 2009 to August 31, 2012	\$29,046
10.310	U.S. Department of Agriculture	2009-65104-05959	September 1, 2009 to August 31, 2012	\$32,691
10.310	U.S. Department of Agriculture	2010-65207-20616	February 15, 2010 to February 14, 2013	\$15,881
11.417	U.S. Department of Commerce	NA08OAR417084 2	June 1, 2008 to May 31, 2012	\$20,648
12.800	U.S. Department of Defense	FA8650-08-C- 5911	October 21, 2010 to July 31, 2011	\$10,452
93.855	National Institutes of Health	5P01AI068135-04	March 1, 2006 to March 31, 2012	\$22,981

TEXAS A&M AGRILIFE RESEARCH

CFDA No	Agency	Award Number	Award Period	Questioned Cost
97.061	U.S. Department of Homeland Security	2007-ST-061- 000002	October 1, 2007 to June 30, 2011	\$26,939
98.001	U.S. Agency for International Development	696-A-00-06- 00157-00	September 1, 2006 to March 28, 2012	\$978

Corrective Action:

Corrective action was taken.

Reference No. 12-128

Cash Management

Research and Development Cluster

Award years – Multiple

Award numbers – Multiple

Type of finding – Significant Deficiency

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

Initial Year Written:	2011
Status:	Implemented
Federal agencies that award R&D funds	

Texas AgriLife Research (AgriLife) does not have sufficient controls over its cash draw process to enable it to track and monitor all funds that it draws down from federal agencies. AgriLife’s Fiscal Services Division and AgriLife’s Office of Sponsored Research Services Division both process cash draws. Without a centralized process for making cash draws, AgriLife cannot accurately and completely track and monitor the funds that those two divisions draw down, which could result in AgriLife not managing its federal awards in compliance with requirements.

As a result of this issue, AgriLife was unable to provide auditors with a complete population of cash draws associated with the Research and Development Cluster of federal programs. Auditors compared a sample of the cash draw population that AgriLife provided to federal draw system reports and identified:

- One draw in the population that AgriLife provided to auditors that was not in the federal draw system reports.
- Eleven draws in the federal draw system reports that were not in the population that AgriLife provided to auditors. The total of those 11 draws was \$1,332,343.

Auditors judgmentally selected six of the eleven draws that were not in the population that AgriLife provided and verified that they were adequately supported and drawn in accordance with cash management compliance requirements. The total of those six draws was \$1,078,786.

Corrective Action:

Corrective action was taken.

Reference No. 12-129

Period of Availability of Federal Funds

Research and Development Cluster

Award years – Multiple

Award numbers – Multiple

Type of finding – Significant Deficiency

When a funding period is specified, a recipient may charge to a grant only allowable costs resulting from obligations incurred during the funding period and any preaward costs authorized by the federal awarding agency (Title 2, Code of Federal Regulations, Section 215.28). Unless the federal awarding agency authorizes an extension, a recipient shall liquidate all obligations incurred under the award not later than 90 calendar days after the funding period or the date of completion as specified in the terms and conditions of the award or in agency implementing instructions (Title 2, Code of Federal Regulations, Section 215.71).

Initial Year Written: 2011
Status: Partially Implemented

Federal agencies that award R&D funds

Texas AgriLife Research's (AgriLife) contracts and grants procedures require AgriLife's contracts and grants office to review grant expenditures to ensure they do not occur after the grant funding period has ended. In addition, contracts and grants office staff are responsible for submitting closeout paperwork to sponsors, closing grant accounts in AgriLife's accounting system, and processing cost overruns or disallowed expenses against unit accounts within the 90-day closeout period.

AgriLife does not have a process to close grant accounts in the accounting system within the required 90-day closeout period. While AgriLife has written policies and procedures that set project closeout requirements, it does not adhere to those policies and procedures. Before grant accounts can be closed in the accounting system, contracts and grants office staff must process any cost overruns on the accounts. However, auditors identified multiple instances in which AgriLife did not process cost overruns within the required 90-day closeout period. AgriLife processed cost overruns between 178 days to more than 12 years following the end of the grant budget period. The average length of time between the end of the grant budget period and AgriLife's processing of cost overruns was 5 years.

Auditors did not identify any compliance errors related to period of availability of federal funds. However, not closing grant accounts in the accounting system in a timely manner could lead to obligations being incurred outside of the funding period. AgriLife relies on contracts and grants office staff to review monthly expenditure reports and identify charges outside of the funding period to ensure that those charges are not paid for with federal funds. If staff do not identify charges outside of the funding period, federal funds could be improperly spent, which could affect AgriLife's ability to obtain future grant funding.

Recommendation:

AgriLife should establish and implement a process to ensure that it closes grant accounts in its accounting system within the required 90-day closeout period.

Management Response and Corrective Action Plan 2011:

The referenced procedure was written in 2003. In the ensuing years, the staffing of the AgriLife Contracts and Grants Office did not kept pace with the growth in contracts and grants or in the increased reporting requirements from the Federal government, even though an internal study indicated the office was understaffed by half.

Since the AgriLife Contracts and Grants Office has been merged into the Office of Sponsored Research Services for the Texas A&M University System effective September 1, 2011. All procedures are being reviewed and best practices are being established. These will be finalized by December 31, 2012.

Management Response and Corrective Action Plan 2012:

This finding relates to closing out accounts in the 90 days following the end of the grant. While no expenses were found to have occurred in this time period, the concern of the auditors was that expenses could have been incurred. The Office of Sponsored Research Services has established a detailed close-out process and places an emphasis on timely close-out of projects and submission of FFRs. Enhancements have been requested to the accounting system to prevent this. In addition, all expenses for an account are reviewed prior to posting against the account.

Management Response and Corrective Action Plan 2013:

SRS has implemented a 12- step close out process that starts the date the project ends (January 1, 2012). Additionally, SRS has worked with AgriLife to identify and develop expedited processes for some of the older projects needing to be closed (March 1, 2013). Also, for projects beginning September 1, 2012 and after, a new procedure to have departments move any cost overruns prior to closeout has been implemented. There have been enhancements implemented in the financial systems to keep expenditures from being charged to the project once the termination date has been reached. Expenses charged on a project are reviewed by the SRS voucher compliance group and they review to ensure that expenditures occur within the project term. SRS is continuing to fine tune the closeout process with the goal of being able to work through the backlog of closeouts and close projects within the required timeframe.

Implementation Date: Various

Responsible Person: David Hollingsworth

Reference No. 12-130

Special Tests and Provisions – R3 – Subrecipient Monitoring

Research and Development Cluster – ARRA

Award year – January 28, 2010 to December 31, 2012

Award number – CFDA 81.087 DE-EE0003046 (ARRA), subaward number 28302-P

Type of finding – Significant Deficiency and Non-Compliance

The American Recovery and Reinvestment Act (Recovery Act) of 2009 required recipients to (1) agree to maintain records that identify adequately the source and application of Recovery Act awards; (2) separately identify to each subrecipient, and document at the time of subaward and at the disbursement of funds, the federal award number, Catalog of Federal Domestic Assistance (CFDA) number, and the amount of Recovery Act funds; and (3) require their subrecipients to include on their Schedule of Expenditures of Federal Awards (SEFA) information to specifically identify Recovery Act funding (Title 2, Code of Federal Regulations, Section 176.210).

Initial Year Written:	2011
Status:	No longer Valid
U.S. Department of Energy	

Texas AgriLife Research (AgriLife) did not identify Recovery Act information when it disbursed Recovery Act funds to the only entity to which it made a subaward of those funds. This occurred because AgriLife did not have a process to perform that identification. Not identifying this information could result in inaccurate reporting of Recovery Act funds by an entity that receives a subaward. For fiscal year 2011, this affected subaward expenditures totaling \$100,911. AgriLife was a subrecipient of Recovery Act funds (through subaward 28302-P) from the Donald Danforth Plant Science Center (which had originally received the Recovery Act funds through prime award number DE-EE0003046).

Corrective Action:

Texas A&M AgriLife Research has fully expended all subawards made under Recovery Act funding; therefore, this finding is no longer valid.

Texas A&M International University

Reference No. 11-118

Eligibility

Student Financial Assistance Cluster

Award year – July 1, 2009 to June 30, 2010

Award numbers – CFDA 84.033 P033A094137, CFDA 84.063 P063P093216, CFDA 84.007 P007A094137, CFDA 84.375 P375A093216, CFDA 84.376 P376S093216, and CFDA 84.032 Award Number Not Applicable

Type of finding – Significant Deficiency and Non-Compliance

Satisfactory Academic Progress

A student is eligible to receive Title IV, Higher Education Act program assistance if the student maintains satisfactory progress in his or her course of study according to the institution’s published standards of satisfactory progress that satisfy the provisions of Title 34, Code of Federal Regulations (CFR), Section 668.16(e), and, if applicable, the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)). An institution’s satisfactory academic progress (SAP) policy should include (1) a qualitative component that consists of grades, work projects completed, or comparable factors that are measurable against a norm; and, (2) a quantitative component that consists of a maximum time frame in which a student must complete his or her educational program (Title 34, CFR, Section 668.16 (e)). A student is making satisfactory progress if, at the end of the second year, the student has a grade point average (GPA) of at least a “C” or its equivalent, or has academic standing consistent with the institution’s requirements for graduation (Title 34, CFR, Section 668.34 (b)).

Initial Year Written:	2010
Status:	Partially Implemented
U.S. Department of Education	

University staff perform SAP determinations manually using paper forms. The University asserts that, as a control, administrative staff perform random, periodic reviews of those forms; however, because those reviews are not documented, auditors were unable to verify the existence of this control. **During testing, auditors identified several inconsistencies in staff’s documentation of SAP determinations.** Specifically, auditors noted instances in which:

- The documented cumulative GPA included grades earned from non-institutional courses. According to the University’s SAP policy, the cumulative GPA should include only institutional courses.
- The documented cumulative GPA, course completion rate, and total cumulative hours attempted did not incorporate courses completed in the Fall 2008 and/or Spring 2009 semesters. According to the University’s SAP policy, SAP determinations are made at the end of the academic year.
- The documented total cumulative hours attempted included hours earned from transfer courses not applicable to a student’s degree program. According to the University’s SAP policy, a student’s total cumulative hours attempted are counted only if they apply to the student’s degree program.

Despite these inconsistencies in SAP calculations, based on testing of 40 students, auditors did not identify any students who were ineligible to receive financial assistance for not meeting SAP requirements.

Recommendation:

The University should improve controls over its calculation and review of SAP determinations.

Management Response and Corrective Action Plan 2010:

In an effort to improve controls over the calculation and review of SAP compliance, the SAP checklist and folder completion checklist will be separated. The SAP checklist form will be completed after spring grades become available for current TAMIU students in accordance with the TAMIU SAP Policy. For new and transfer students, the form will be completed after the student has been admitted to the institution and a FAFSA becomes available. The new form will differentiate between returning TAMIU students, new, and/or transfer students. It will also

include TAMIU Overall GPA, Transfer Overall GPA, and Overall GPA to be used to verify GPA requirements, calculation of 75% required hours used to calculate deficit hours, calculation of transferable degree hours used to calculate maxed out hours, and an audit section used by the administrators during the review/audit of SAP determinations.

Management Response and Corrective Action Plan 2011:

The SAP checklist and folder completion checklist were separated to improve controls over the calculation and review of SAP compliance. The SAP checklist form is completed after grades become available for current TAMIU students in accordance with the TAMIU SAP Policy. For new and transfer students, the form is completed after the student has been admitted to the institution and a FAFSA becomes available

Management Response and Corrective Action Plan 2012:

Effective February 2011, the SAP checklist was separated from the folder checklist, and the form was completed after final grades were posted in Banner (our student information system). For new and transfer students, the form was completed after the FAFSA application was received and the student was admitted to institution. Effective fall 2011, we implemented automated SAP rules, using the SAP Policy effective July 1, 2011. The automated SAP process is run at the end of each semester after final grades are posted in Banner. The first automated run was done at the end of the fall 2011 semester. The 2011-2012 academic year was the first complete year reviewed with automated SAP rules.

2013 Update:

As of the Fall 2011 term, the University has implemented an automated SAP calculation process and no longer relies on manual reviews for SAP determinations. However, the automated SAP process did not always calculate SAP statuses in accordance with the University's SAP policy. Auditors identified one student who should have failed the pace of completion requirement; however, the student's SAP status did not reflect that. Auditors did not identify any students who were ineligible to receive financial assistance for not meeting SAP requirements.

Management Response and Corrective Action Plan 2013:

As previously noted, effective fall 2011, automated SAP rules were implemented using the SAP Policy effective July 1, 2011. Since this implementation, the SAP rules were revised in August, 2012, and these SAP rules were in effect for the sample selected for this follow up. In this revision, the calculation for the pace of completion was clarified, but the revision was not made in the automated SAP rule until the SAP process was run at the end of Fall 2012, resulting in the finding.

It should be noted that the single student discovered was put on suspension for gpa requirements of the SAP and was therefore ineligible for financial aid irrespective of the pace of completion error.

Implementation Date: November 2012

Responsible Persons: Laura Elizondo, Melanie Martinez, and Isabel Woods

Texas A&M University

Reference No. 13-122

Special Tests and Provisions – Verification

(Prior Audit Issue 12-124)

Student Financial Assistance Cluster

Award year – July 1, 2011 to June 30, 2012

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P115286; CFDA 84.038, Federal Perkins Loan, Award Number Not Applicable; CFDA 84.268, Federal Direct Student Loans, P268K125286; CFDA 84.007, Federal Supplemental Education Opportunity Grants, P007A114136; CFDA 84.033, Federal Work-Study Program, P033A114136; CFDA 84.379, Teacher Education Assistance For College and Higher Education Grants, P379T125286; and CFDA 84.408, Postsecondary Education Scholarships for Veteran’s Dependents, P408A115286

Type of finding – Significant Deficiency and Non-Compliance

An institution shall require each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification on the basis of edits specified by the Secretary of the U.S. Department of Education to verify all of the applicable items, which include household size; number of household members who are in college; adjusted gross income (AGI); U.S. income taxes paid; and certain types of untaxed income and benefits such as Social Security benefits, child support, individual retirement account and Keogh account deductions, interest on tax-free bonds, and other untaxed income (Title 34, Code of Federal Regulations (CFR), Section 668.56). When the verification of a student’s eligibility results in a total difference of more than \$400 from the student’s original FAFSA, the institution must submit a correction and recalculate the expected family contribution based on the student’s new information to determine whether an adjustment to Title IV assistance is required (Title 34, CFR, Section 668.59).

Initial Year Written:	2011
Status:	Partially Implemented
U.S. Department of Education	

Texas A&M University (University) participates in the Quality Assurance Program (QAP) designed by the U.S. Department of Education. Under the QAP, participating institutions develop and implement a quality improvement approach to federal student assistance program administration and delivery. The QAP provides participating institutions with an alternative management approach to develop verification that fits their population (2011-2012 *Application and Verification Guide*, page AVG-80). As a part of quality improvement for the verification process, the University’s policy requires verifying wages, income exclusions, and all of the items required by Title 34, CFR, Section 668.56.

For 3 (5 percent) of 60 students tested, the University did not accurately verify all required items on the FAFSA, and it subsequently did not update University records and request updated Institutional Student Information Records (ISIR) when required. Specifically:

- For 1 (2 percent) of 60 students tested, the University incorrectly identified the number of household members enrolled at least half-time in college as 2 when the supporting documentation indicated that only 1 household member was enrolled at least half-time. Because the University did not accurately verify the information, it did not request an updated ISIR or adjust the student’s assistance as required. Based on information the University provided, this resulted in a \$6,978 overaward of subsidized Direct Loans. After auditors brought this matter to the University’s attention, the University provided evidence that it corrected this overaward; therefore, there were no questioned costs associated with this error.
- For 1 (2 percent) of 52 students tested for whom the University was required to verify parent income taxes paid, the University incorrectly verified the parent income taxes paid as \$0 when the supporting documentation indicated that amount was \$1,258. Because the University did not accurately verify the information, it did not request an updated ISIR or adjust the student’s assistance as required. However, based on information the University provided, this error did not result in an underaward or overaward because it did not affect the student’s estimated family contribution.
- For 1 (2 percent) of 58 students tested who received untaxed income, the University incorrectly verified the student’s Making Work Pay tax credit as \$0 when supporting documentation indicated that amount was \$78. However, because that amount was less than \$400, the University was not required to request an updated ISIR.

The above errors occurred when University personnel manually verified student verification information. The University does not have an adequate process to monitor verification. Without an adequate process to detect non-compliance and take appropriate and timely action to address issues, the University risks not updating its records, not requesting updated ISIRs when required, and overawarding or underawarding financial assistance.

Correction Action:

This finding will be reissued as current year reference number: 2013-139.

Reference No. 13-123

Special Tests and Provisions – Enrollment Reporting

Student Financial Assistance Cluster

Award year – July 1, 2011 to June 30, 2012

Award number – CFDA 84.268, Federal Direct Student Loans, P268K125286

Type of finding – Significant Deficiency and Non-Compliance

Unless an institution expects to submit its next student status confirmation report to the Secretary of the U.S. Department of Education or the guaranty agency within the next 60 days, it must notify the guaranty agency or lender within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations, Section 685.309(b)).

Initial Year Written:	2012
Status:	Partially Implemented
U.S. Department of Education	

Texas A&M University (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to the National Student Loan Data System (NSLDS). Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to the respective lenders and guarantors. Additionally, NSC completes the roster file on the University’s behalf and communicates status changes to NSLDS as applicable. Although the University uses the services of NSC, it is still ultimately the University’s responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, Chapter 1).

The University does not have an adequate process to report status changes to NSLDS for students who withdraw. The University inadvertently excluded students who withdrew from the automated process it used to report status changes to NSC during the 2011-2012 award year, and it was unaware of this issue until auditors brought it to management’s attention. As a result, the University was dependent on NSC to identify students who the University previously reported on roster files but did not report on its current roster file. (When a student withdrew and the University no longer reported the student’s enrollment information to NSC, NSC notified the University of that issue through an error report.) To resolve the discrepancies on the error report, the University manually resolved the issues and reported the withdrawal status and date to NSC. However, relying on NSC’s error report to identify students who withdraw increases the risk that the University may not report all withdrawn students.

Additionally, for 1 (2 percent) of 61 student status changes tested, the University did not report the change to NSLDS accurately. The student officially withdrew from the University on March 21, 2012, and the University processed the withdrawal on March 23, 2012. When the University manually reported the student’s withdrawal date (after receiving an error report from NSC) it incorrectly entered the date on which it processed the withdrawal, rather than the effective withdrawal date.

Not reporting student status changes accurately and completely could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government’s payment of interest subsidies.

Corrective Action:

This finding was reissued as current year reference number: 2013-140.

Reference No. 13-124

Special Tests and Provisions – Student Loan Repayments

(Prior Audit Issues 12-126, 11-124, 10-56, and 09-53)

Student Financial Assistance Cluster

Award year – July 1, 2011 to June 30, 2012

Award number – CFDA 84.038, Federal Perkins Loan Program, Award Number Not Applicable

Type of finding – Significant Deficiency and Non-Compliance

Institutions are required to make contact with the borrower during the initial and post-deferment grace periods. For loans with a nine-month initial grace period, the institution is required to contact the borrower three times within the initial grace period. The institution is required to contact the borrower for the first time 90 days after the beginning of the grace period, the second contact should be 150 days after the beginning of the grace period, and the third contact should be 240 days after the beginning of the grace period. The institution shall inform the borrower about the total amount remaining outstanding on the loan account, including principal and interest accruing over the remaining life of the loan (Title 34, Code of Federal Regulations, Section 674.42(c)).

Initial Year Written:	2008
Status:	Implemented
U.S. Department of Education	

If the institution, or the firm it engages, pursues collection activity for up to 12 months and does not succeed in converting the account to regular repayment status, or the borrower does not qualify for deferment, postponement, or cancellation of the loan, the institution shall either litigate or make a second effort to collect. If the institution first attempted to collect using its own personnel, it shall refer the account to a collection firm (Title 34, Code of Federal Regulations, Sections 674.45(c)).

Texas A&M University (University) did not perform all required contact and collection procedures for defaulted borrowers in a consistent and timely manner. Specifically:

- For 2 (6 percent) of 33 defaulted borrowers tested, the University did not send the required third grace period notice. The University uses the third grace period notice as its 30-day billing notice; as a result, those two students also did not receive the required billing notice. Those errors resulted from a timing error in the University’s query to identify students who require grace period notices, and they occurred because the students entered repayment status on the same date on which the University ran its query. Borrowers who do not receive grace period notices may not understand the requirements and obligations for the funds they received. Borrowers who do not receive billing notices may be unaware of payment requirements.
- For 1 (3 percent) of 31 defaulted borrowers tested, the University did not make a second attempt in a timely manner to collect 12 months after the student missed a payment. The University's collection staff is responsible for tracking accounts from the point when they are more than 60 days past due through the date that the University turned over the accounts to an external collection agency. The University asserted that its collection staff did not monitor this account because of staffing issues related to its tracking process. Not turning over accounts to collections in a timely manner delays the effort to establish an acceptable repayment plan with the borrower.

Corrective Action:

Corrective action was taken.

Texas Military Department

Reference No. 13-101

Cash Management

CFDA 12.400 – National Guard Military Construction Projects

Award year – 2007

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

Type of finding – Significant Deficiency and Non-Compliance

Drawdowns and Disbursements of Federal Funds

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

Initial Year Written: 2012
Status: Partially Implemented

U.S. Department of Defense

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

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

Interest Earned

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

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

For the National Military Construction Projects program, the Department did not calculate or monitor interest it earned on federal funds for which it did not minimize the time between transfer from the U.S. Treasury and disbursement. It also did not remit the interest it earned on those funds. The Department has not established a process to calculate or monitor interest it earns on advanced federal funds when it does not disburse those funds in a timely manner. In fiscal year 2012, the Department earned a total of \$638 in interest on the advanced federal funds that it did not disburse in a timely manner. Specifically, the Department earned \$17 in interest associated with award W912L1-07-2-2001 and \$621 in interest associated with award W912L1-07-2-2003.

TEXAS MILITARY DEPARTMENT

As discussed above, grantees can retain interest of up to \$100 per year for administrative expenses; therefore, the Department should have remitted \$538 in earned interest to the U.S. Treasury for fiscal year 2012.

Recommendations:

The Department should:

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

Management Response and Corrective Action Plan 2012:

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

Management Response and Corrective Action Plan 2013:

The Military Construction Cooperative Agreement (MCCA) funds are received from the federal government as an advance. The advanced amount was previously based on a set schedule of expenditures for the project. In order to address the finding, the department has switched from drawing down the amount based on a set schedule to drawing the funds when the pay application is submitted for payment. At the time the invoice is submitted to the Texas Military Department, an advance request is prepared and submitted to the USFPO. The payment is then processed within 30 days of receipt by the department.

TMD currently has only two active MCCAs. The draw down process for these two MCCAs has been corrected and follows the steps outlined above.

Implementation Date: July 2013

Responsible Person: Cathy Mann

Reference No. 13-102

Reporting

CFDA 12.400 – National Guard Military Construction Projects

Award year – 2009

Award number – W912L1-09-2-2001

Type of finding – Significant Deficiency and Non-Compliance

The Adjutant General’s Department (Department) is required to submit Standard Form 270 “Request for Advance or Reimbursement” each time it requests payments or advances of federal funds from the National Guard Bureau (NGR 5-1, Chapter 11, Section 11-4). As part of its Standard Form 270 reports, the Department is required to report the non-federal share of its cash outlays for the period (Office of Management and Budget, Standard Form 270 and instructions).

Initial Year Written:	2012
Status:	No Longer Valid
U.S. Department of Defense	

The Department did not report the amount of state matching funds (a form of non-federal cash outlay) on its Standard Form 270 reports during fiscal year 2012. During fiscal year 2012, the Department spent \$269,825 in

state matching funds associated with work for the only appendix in the Department’s master cooperative agreement for the National Guard Military Construction Projects program that required matching funds during fiscal year 2012. The Department’s process for completing Standard Form 270 reports does not include reporting state matching funds. However, the Department identified state matching funds in the supporting documentation that accompanied its Standard Form 270 report.

Corrective Action:

The Department no longer has projects that require state matching funds. Therefore, this finding is no longer valid.

Reference No. 12-101

Cash Management

(Prior Audit Issue 10-01)

CFDA 12.401 – National Guard Military Operations and Maintenance Projects

Award year – October 1, 2010 to September 30, 2015

Award numbers – W912L1-11-2-1001 and W912L1-11-2-1007

Type of finding – Significant Deficiency and Non-Compliance

To the extent available, recipients shall disburse funds available from repayments to and interest earned on a revolving fund, program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting additional cash payments (Title 2, Code of Federal Regulations, Section 215.22).

Initial Year Written:	2009
Status:	Implemented
U.S. Department of Defense	

In addition, National Guard Regulation (NGR) 5-1, Chapter 11, Section 11-6, states that the amount the grantee requests for reimbursement will be reduced by the amount of program income received.

The Adjutant General's Department (Department) did not disburse program income prior to requesting advance funding or submitting reimbursement requests. The Department has established a process to separately account for and collect program income. However, program managers determine when to disburse program income; as a result, program income is often not disbursed until a purchase can be made entirely with available program income. This leads to the Department processing advance and reimbursement requests while program income is still available. Based on data the Department provided, the Department earned a total of \$28,950 in program income in fiscal year 2011. Department management also asserted that the Department had \$13,809 in available program income as of August 31, 2011.

Not disbursing program income prior to requesting federal funds results in the Department requesting more federal funds than it needs.

Corrective Action:

Corrective action was taken.

TEXAS MILITARY DEPARTMENT

Reference No. 12-103

Reporting

CFDA 12.401 – National Guard Military Operations and Maintenance Projects
CFDA 12.401 – National Guard Military Operations and Maintenance Projects – ARRA

Award years – see below

Award numbers – see below

Type of finding – Significant Deficiency and Non-Compliance

The Adjutant General’s Department (Department) is required to submit Standard Form 270 (SF 270) “Request for Advance or Reimbursement” each time it requests payments or advances of federal funds from the National Guard Bureau (NGR 5-1, Chapter 11, Section 11-4). Program income is reported upon reimbursement or liquidation of advance payment vouchers as soon as such income is considered "received" pursuant to state accounting procedures (NGR 5-1, Chapter 11, Section 11-6).

Table with 2 columns: Field Name, Value. Rows: Initial Year Written: 2011, Status: Implemented, U.S. Department of Defense

The Department did not report program income on its SF 270 reports during fiscal year 2011. The Department's process for completing SF 270 reports does not include reporting program income. Only two appendices in the Department’s master cooperative agreement describe earning program income: appendix 1 and appendix 7. The Department earned a total of \$28,950 in program income in fiscal year 2011. As a result of not reporting program income on its SF 270 reports, Department expenditures were not reviewed for allowability by the U.S. property and fiscal officer.

The Department also did not report the amount of state matching funds on its SF 270 reports during fiscal year 2011. The Department’s process for completing SF 270 reports does not include reporting state matching funds. However, state matching funds are clearly identified in the reports that accompany the SF 270 reports. As a result of the Department’s not reporting state matching amounts on the SF 270 reports, those reports were not complete.

Additionally, the Department reported amounts on its SF 270 reports that were not supported by information from its accounting system, the Uniform Statewide Accounting System (USAS), and its subledger system (the Integrated Engineering Management System or IEMS). While the Department used expenditure data from IEMS to determine the “federal share now requested” and attached that support to the SF 270 reports it submitted, it did not use accounting data to complete other lines on its SF 270 reports. Instead, the Department entered other information on the reports based on prior reports or calculations. Specifically, the Department determined its “federal payments previously requested” by recording the total program outlays from the prior month’s SF-270 report, and it determined its “total program outlays to date” by adding its current expenditures to the “federal payments previously requested” line of the SF 270 report.

Reporting amounts that are not supported by financial records increases the risk that those amounts could be incorrect.

The issues discussed above affected the following awards:

Table with 2 columns: Award Numbers, Award Years. Lists award numbers (W912L1-11-2-1000 to 1022) and their corresponding award years (October 1, 2010 to September 30, 2015).

TEXAS MILITARY DEPARTMENT

<u>Award Numbers</u>	<u>Award Years</u>
W912L1-11-2-1023 (Appendix 23)	October 1, 2010 to September 30, 2015
W912L1-11-2-1024 (Appendix 24)	October 1, 2010 to September 30, 2015
W912L1-11-2-1040 (Appendix 40)	October 1, 2010 to September 30, 2015
W912L1-10-2-3053 (RSMS)	October 1, 2009 to September 30, 2015
W912L1-07-2-3061 (ALERRT)	September 25, 2007 to September 30, 2011
W912L1-09-2-9036 (ARRA)	July 24, 2009 to September 30, 2010

Corrective Action:

Corrective action was taken.

Texas Southern University

Reference No. 11-127

Eligibility

Student Financial Assistance Cluster

Award year – July 1, 2009 to June 30, 2010

Award numbers – CFDA 84.063 P063P092327, CFDA 84.007 P007A094145, CFDA 84.033 P033A094145, CFDA 84.375 P375A09327, CFDA 84.376 P376S092327, CFDA 84.379 P379T102327, CFDA 84.032 Award Number Not Applicable, CFDA 84.038 Award Number Not Applicable, and CFDA 84.268 Award Number Not Applicable

Type of finding – Significant Deficiency and Non-Compliance

Cost of Attendance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student’s cost of attendance (COA) minus the expected family contribution (EFC). The phrase “cost of attendance” refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” Institutions also may include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087II).

Initial Year Written:	2010
Status:	Partially Implemented
U.S. Department of Education	

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student’s Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student’s financial need (Title 34, Code of Federal Regulations, Sections 673.5, 673.6, and 682.603).

Texas Southern University (University) incorrectly calculated the COA for 3 (7.5 percent) of 40 students tested. For all three students, the COA assigned to the student by the financial aid system, Banner, did not match the COA in the internal document the University used to calculate Fall semester only, Spring semester only, and Summer semester budgets.

- For one student, the COA in Banner was \$3,084 less than the COA on the University’s internal budget sheet. This resulted in a potential underaward of \$3,084.
- For one student, the COA in Banner was \$113 more than the COA on the University’s internal budget sheet. This resulted in a potential overaward of \$113.
- For one student, the COA in Banner was \$98 more than the COA on the University’s internal budget sheet. This resulted in a potential overaward of \$98.

While the budget differences could have resulted in both underawards and overawards, these three students were not overawarded assistance.

In addition to the three incorrect COA budgets, auditors identified several other budgets in Banner that did not agree with (1) the budgets the University reported to the Texas Higher Education Coordinating Board and (2) the internal budget spreadsheet the University used to calculate Fall semester only, Spring semester, only, and Summer budgets. For example, the budgets in Banner for undergraduate students who are Texas residents, living off campus, and attending the University in either the Fall semester only or Spring semester only were \$2,909 less than the budgets on the University’s internal budget spreadsheet. As a result, students in this category were potentially underawarded financial assistance funds. During the 2009-2010 award year, a total of 282 students were in this budget category. During the same award year, the University disbursed a total of \$119,306,579 in federal student financial assistance.

Corrective Action:

Corrective action was taken.

General Controls

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

The University has not configured its Banner enterprise software to enforce rules regarding password length or complexity. Banner can be configured to enforce any standards specified in the University's information security policy. Not enforcing password rules increases the risk of unauthorized access to key financial aid processes, student records, and University financial data.

Recommendations:

The University should configure Banner to enforce rules regarding password length and complexity.

Management Response and Corrective Action Plan 2010:

Management agrees with the finding and recommendation. The Office of Information Technology/Enterprise Applications division has taken on a Banner Security Project that is scheduled to begin February, 2011. The first phase of the project will include password length and complexity rule enforcement,. Phase I is scheduled for completion by March 31, 2011.

Management Response and Corrective Action Plan 2011:

Decision was made not to roll out password length and complexity modification until after fall registration and headcount was complete.

Management Response and Corrective Action Plan 2012:

The Office of Information Technology identified Banner password security policy in which to adopt.

- a. Created a project plan to roll-out Banner password length complexity.*
- b. Database Administrator applied rules to a test environment.*
- c. Banner Configuration Team was assigned to test new security rules in test environment.*
- d. Analyzed test results.*
- e. Notified campus of the change in policy.*
- f. Applied approved rules to the Production environment.*
- g. Change was applied to the Production environment in October, 2011.*

Management Response and Corrective Action Plan 2013:

Nineteen accounts noted in the finding were expired; however, they were not locked. All of the accounts have been expired and locked as of this date. Additionally, the policy for administering employee accounts has been standardized to ensure accounts are properly expired and locked.

Ninety-one other accounts were referenced in the finding. TSU is currently analyzing the groups. Accounts that were no longer active have been expired and locked. The remainders of the accounts represent service accounts tied directly to a process. Expiring the service accounts sited in the finding would have a significant impact on the TSU's business processes. Based on standard industry best practices, a uniformed naming convention will be developed and implemented for the service accounts. A security password with 14 to 15 character complexity will also be applied to the service accounts.

Implementation Date: March 2014

Responsible Person: Kathy Booker

Reference No. 11-128

Special Tests and Provisions – Disbursements To or On Behalf of Students

Student Financial Assistance Cluster

Award year – July 1, 2009 to June 30, 2010

Award numbers – CFDA 84.063 P063P092327, CFDA 84.007 P007A094145, CFDA 84.033 P033A094145, CFDA 84.375 P375A09327, CFDA 84.376 P376S092327, CFDA 84.379 P379T102327, CFDA 84.032 Award Number Not Applicable, CFDA 84.038 Award Number Not Applicable, and CFDA 84.268 Award Number Not Applicable

Type of finding – Significant Deficiency and Non-Compliance

General Controls

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

Initial Year Written:	2010
Status:	Partially Implemented
U.S. Department of Education	

The University has not configured its Banner enterprise software to enforce rules regarding password length or complexity. Banner can be configured to enforce any standards specified in the University's information security policy. Not enforcing password rules increases the risk of unauthorized access to key financial aid processes, student records, and University financial data.

Recommendations:

The University should configure Banner to enforce rules regarding password length and complexity.

Management Response and Corrective Action Plan 2010:

Management agrees with the finding and recommendation The Office of Information Technology/Enterprise Applications division has taken on a Banner Security Project that is scheduled to begin February, 2011. The first phase of the project will include password length and complexity rule enforcement. Phase I is scheduled for completion by March 31, 2011.

Management Response and Corrective Action Plan 2011:

To avoid impacting fall registration, decision was made not to roll out password length and complexity modification until after September 2011.

Management Response and Corrective Action Plan 2012:

The Office of Information Technology identified Banner password security policy in which to adopt.

- 1. Created a project plan to roll-out Banner password length complexity.*
- 2. Database Administrator applied rules to a test environment.*
- 3. Banner Configuration Team was assigned to test new security rules in test environment.*
- 4. Analyzed test results.*
- 5. Notified campus of the change in policy.*
- 6. Applied approved rules to the Production environment.*
- 7. Change was applied to the Production environment in October, 2011.*

Management Response and Corrective Action Plan 2013:

Nineteen accounts noted in the finding were expired; however, they were not locked. All of the accounts have been expired and locked as of this date. Additionally, the policy for administering employee accounts has been standardized to ensure accounts are properly expired and locked.

Ninety-one other accounts were referenced in the finding. TSU is currently analyzing the groups. Accounts that were no longer active have been expired and locked. The remainders of the accounts represent service accounts tied directly to a process. Expiring the service accounts sited in the finding would have a significant impact on the TSU's business processes. Based on standard industry best practices, a uniformed naming convention will be developed and implemented for the service accounts. A security password with 14 to 15 character complexity will also be applied to the service accounts.

Implementation Date: March 2014

Responsible Person: Kathy Booker

Texas State University

Reference No. 13-125

Cash Management

Student Financial Assistance Cluster

Award year – July 1, 2011 to June 30, 2012

Award number – CFDA 84.268, Federal Direct Student Loan Program, P268K120387

Type of finding – Significant Deficiency and Non-Compliance

The U.S. Department of Education provides financial assistance funds to institutions under the advance, just-in-time, reimbursement, or cash monitoring payment methods. The advance payment method permits institutions to draw down financial assistance funds prior to disbursing funds to eligible students and parents. The institution's request for funds must not exceed the amount immediately needed to disburse funds to students or parents. The institution must make the disbursements as soon as administratively feasible, but no later than three business days following the receipt of funds (Title 34, Code of Federal Regulations (CFR), Section 668.162). A disbursement of funds occurs on the date an institution credits a student's account or pays a student or parent directly with either student financial assistance funds or its own funds (Title 34, CFR, Section 668.164). Any amounts not disbursed by the end of the third business day are considered to be excess cash and generally are required to be promptly returned to the U.S. Department of Education. If an institution maintains excess cash for more than seven calendar days, the Secretary of the U.S. Department of Education may take actions such as requiring the institution to reimburse the Secretary for the costs incurred, or providing funds to the institution under the reimbursement payment method or the cash monitoring payment method (Title 34, CFR, Section 668.166).

Initial Year Written:	2012
Status:	Implemented
U.S. Department of Education	

For the Direct Loan program, in August 2011 Texas State University– San Marcos (University) based its draw amounts on an inaccurate financial aid disbursement report. The University created that report after it implemented its new student financial aid system, Banner. The report was inaccurate because it included duplicate disbursement transactions; as a result, the University initially overdrew a total of \$20,906,236 in Direct Loan funds on the draws that occurred during August 2011.

The University identified this issue at the end of August 2011 when it verified the cumulative disbursements amount against its general ledger expenditures, and it immediately returned the excess funds to the U.S. Department of Education. On December 12, 2011, the University also calculated and remitted to the U.S. Department of Education \$3,772 in interest earned.

In September 2011, the University implemented a new Direct Loan draw calculation process and began basing its Direct Loan draw amount on a new student financial aid activity report that it reconciles to a general ledger transaction summary report before completing a draw. Auditors tested Direct Loan cash draws that the University made after it implemented the new process and did not identify any compliance issues with those Direct Loan cash draws tested.

Corrective Action:

Corrective action was taken.

Reference No. 13-126

Eligibility

Student Financial Assistance Cluster

Award year – July 1, 2011 to June 30, 2012

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P110387; CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A114122; CFDA 84.033, Federal Work-Study Program, P033A114122; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T120387; CFDA 84.268, Federal Direct Student Loans, P268K120387; and CFDA 93.925, Scholarships for Health Professions Students from Disadvantaged Backgrounds, T08HP22580

Type of finding – Significant Deficiency and Non-Compliance

Post-baccalaureate Students Receiving Federal Pell Grants

The federal Pell Grant Program awards grants to help financially needy students meet the cost of their postsecondary education (Title 34, Code of Federal Regulations (CFR), Section 690.1). In selecting students for the federal Pell Grant Program, an institution must determine whether a student is eligible to receive a federal Pell Grant for the period of time required to complete his or her first undergraduate baccalaureate course of study (Title 34, CFR, Section 690.6(a)). For each payment period, an institution may pay a federal Pell Grant to an eligible student only after it determines that the student is enrolled in an eligible program as an undergraduate student (Title 34, CFR, Section 690.75(a)(2)).

Initial Year Written:	2012
Status:	Implemented
U.S. Department of Education U.S. Department of Health and Human Services	

Based on a review of the full population of federal student financial assistance recipients, Texas State University – San Marcos (University) awarded \$47,786 in Pell Grant funds to 13 post-baccalaureate students who were not eligible for that assistance. That occurred because the University’s financial aid system relied on self-reported information from the students’ Institutional Student Information Records (ISIRs), which incorrectly indicated that the students had not yet received a bachelor’s degree. Additionally, the University did not have a control to identify students who had received a baccalaureate degree and a Pell Grant.

After auditors brought this matter to the University’s attention, the University provided evidence that it corrected the above Pell awards.

Satisfactory Academic Progress

A student is eligible to receive Title IV, Higher Education Act (HEA) program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that meet the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)). A student is making satisfactory progress when the student is enrolled in a program of study of more than two academic years and, therefore, is eligible to receive Title IV, HEA program assistance after the second year, if, at the end of the second year, the student has a grade point average of at least a “C” or its equivalent, or has academic standing consistent with the institution’s requirements for graduation (Title 34, CFR, Section 668.34(a)).

According to the University’s satisfactory academic progress (SAP) policy, its Financial Aid and Scholarships Department will review the progress of each financial aid recipient for SAP at the end of each academic year. A student who does not meet the SAP guidelines and who is not already on financial aid probation will be placed on financial aid probation. Students on financial aid probation are eligible to continue receiving financial aid and will be evaluated at the end of the next academic year of attendance. Students can receive one financial aid probationary period during their undergraduate- or certification-seeking career; after that period, their financial aid will be suspended until they meet SAP guidelines or the University grants an appeal exemption.

For 1 (2 percent) of 60 students tested, the University did not evaluate whether the student was making satisfactory academic progress to receive financial aid. The student did not meet the University’s SAP guidelines and should have been placed on financial aid probation as required by the University’s policy. Although the University did not place the student on financial aid probation as required, the student was still eligible for assistance. The error occurred prior to the University’s transition to a new student financial aid system; as a result, the University was unable to determine the cause of the error.

Not evaluating students' satisfactory academic progress increases the risk of awarding financial assistance to ineligible students.

Corrective Action:

Corrective action was taken.

Reference No. 13-127

Special Tests and Provisions – Verification

Student Financial Assistance Cluster

Award year – July 1, 2011 to June 30, 2012

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A114122; CFDA 84.063, Federal Pell Grant Program, P063P110387; CFDA 84.033, Federal Work Study Program, P033A114122; CFDA 84.268, Federal Direct Student Loans, P268K120387; 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T120387; and CFDA 93.925, Scholarships for Health Professions Students from Disadvantaged Backgrounds, T08HP22580

Type of finding – Significant Deficiency and Non-Compliance

An institution shall require each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification on the basis of edits specified by the Secretary of the U.S. Department of Education to verify all of the applicable items, which include household size; number of household members who are in college; adjusted gross income; U.S. income taxes paid; and certain types of untaxed income and benefits such as Social Security benefits, child support, individual retirement account and Keogh account deductions, interest on tax-free bonds, and other untaxed income (Title 34, Code of Federal Regulations (CFR), Section 668.56). When the verification of a student's eligibility results in a total difference of more than \$400 from the student's original FAFSA, the institution must submit a correction and recalculate the expected family contribution based on the student's new information to determine whether an adjustment to Title IV assistance is required (34 CFR Section 668.59).

Initial Year Written:	2012
Status:	Implemented
U.S. Department of Education U.S. Department of Health and Human Services	

Additionally, on March 31, 2012, the U.S. Department of Education clarified in the *2011-2012 Application and Verification Guide* section of its *Federal Student Aid Handbook*, that the Making Work Pay tax credit should be included in verification as a component of other untaxed income (*2011-2012 Application and Verification Guide*, page AVG-19).

For 25 (47 percent) of 53 students tested who received untaxed income, Texas State University – San Marcos (University) did not verify the Making Work Pay tax credit when it verified the information on the students' FAFSAs. Of those 25 students, 12 students had errors on their FAFSAs that exceeded \$400; as a result, the University should have requested a new Institutional Student Information Record (ISIR) for those students. For all of those 12 students, the University did not verify the \$800 Making Work Pay tax credit that had been reported on the students' or parents' income tax returns. Those errors occurred because the University did not adequately communicate the clarified requirement to its personnel in charge of verification; as a result, it took several months for the University to consistently apply that guidance. Additionally, the University's policies and procedures did not specifically address the inclusion and verification of the Making Work Pay tax credit as part of untaxed income. Based on information the University provided, these errors resulted in a total overaward of \$463 in Pell funds associated with award P063P110387.

For 1 of the 12 students discussed above, the University also incorrectly verified the student's unemployment compensation, resulting in an underaward for that student. That occurred because the University incorrectly included unemployment compensation of \$6,899 as other untaxed income when that amount had already been reported as taxable income. Based on information the University provided, this error resulted in an underaward of \$475 in Pell funds associated with P063P110387.

Not correctly verifying all required income components and not requesting and receiving a new ISIR for students who have changes exceeding \$400 resulting from verification could result in the University awarding incorrect amounts of Title IV assistance to students.

Corrective Action:

Corrective action was taken.

Reference No. 10-75

**Activities Allowed or Unallowed
Allowable Costs/Cost Principles
Period of Availability of Federal Funds**

Research and Development Cluster

Award years – see below

Award numbers – see below

Type of finding – Significant Deficiency and Non-Compliance

Time and Effort Certification

The method of payroll distribution used by entities that receive federal awards must recognize the principle of after-the-fact confirmation or determination so that costs distributed represent actual costs, unless a mutually satisfactory alternative agreement is reached. Direct costs activities and facilities and administrative cost activities may be confirmed by responsible persons with suitable means of verification that the work was performed. Additionally, for professorial and professional staff, activity reports must be prepared each academic term, but no less frequently than every six months (Title 2, Code of Federal Regulations, Section 220(J)(10)).

The University's time and effort certification policy in effect for fiscal year 2009 required that time and effort certifications be completed within 21 days of receipt.

For 16 (64 percent) of 25 aggregate payroll expenditures tested (consisting of 44 detailed payroll transactions) at the University, employees time and effort certifications for the applicable period were not completed in a timely manner (completion was considered to be timely if it occurred within 21 days of the end of the certification period). The late certifications were more prevalent for positions that were classified as other than professional. Of the 16 late certifications, 12 (75 percent) were for individuals in positions classified as other than professional. Although the University performed effort certifications for all employees tested, not completing the certifications within the time frame established in its policy can result in adjustments to accounts funded by federal research and development grants not being made in a timely manner.

Initial Year Written: 2009
Status: Implemented

U.S. Department of Defense
U.S. Department of Agriculture
U.S. Department of Commerce
U.S. Department of Interior
U.S. National Science Foundation
U.S. Department of
Homeland Security
U.S. Department of Education
U.S. Environmental Protection
Agency
U.S. Department of Health and
Human Services

TEXAS STATE UNIVERSITY

The issues discussed above affected the following awards:

<u>CFDA No</u>	<u>Award Numbers</u>	<u>Award Years</u>
10.200	2008-38869-19174	July 15, 2008 to June 14, 2010
12.000	NAN0982	October 31, 2008 to August 15, 2009
12.300	N00014-08-1-1107	June 20, 2008 to December 31, 2009
47.075	SES-0648278	March 1, 2007 to February 28, 2010
97.077	2008-DN-A R1012-02	September 15, 2008 to August 31, 2009
84.002	9410003711037.00	October 1, 2008 to September 30, 2009
84.324	R324B070018	August 1, 2008 to July 31, 2010
84.031	P031C080008	September 1, 2008 to September 30, 2009
66.460	582-8-77060	December 1, 2007 to November 30, 2009
47.076	HRD-0402623	November 1, 2007 to October 31, 2008
15.608	201818G902	January 17, 2008 to August 31, 2009
47.074	DEB-0816905	September 1, 2008 to August 31, 2010
93.086	09FE0128/03	September 30, 2008 to September 29, 2009

Corrective Action:

Corrective action was taken.

Texas Tech University

Reference No. 13-128

Eligibility

(Prior Audit Issues 12-134 and 11-134)

Student Financial Assistance Cluster

Award year – July 1, 2011 to June 30, 2012

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grant, P007A114151; CFDA 84.033, Federal Work-Study Program, P033A114151; CFDA 84.063, Federal Pell Grant Program, P063P112328; CFDA 84.268, Federal Direct Student Loans, P268K122328; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T122328; and CFDA 84.038, Federal Perkins Loan – Federal Capital Contributions, Award Number Not Applicable

Type of finding – Material Weakness and Material Non-Compliance

Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student’s cost of attendance (COA) minus the expected family contribution (EFC) (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087kk). The phrase “cost of attendance” refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Initial Year Written:	2010
Status:	Partially Implemented
U.S. Department of Education	

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student’s Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student’s financial need (Title 34, Code of Federal Regulations (CFR), Sections 668.2 and 673.5).

A full-time student is defined as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. For an undergraduate student, an institution’s minimum standard must equal or exceed 12 semester hours. A half-time student is defined as an enrolled student who is carrying a half-time academic workload, as determined by the institution, which amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student (Title 34, CFR, Section 668.2).

Texas Tech University (University) has established full-time budgets in its financial aid system, and it prorates those budgets for students enrolled less than full-time. Specifically, the University prorates the tuition and fees expenses and books and supplies expenses to 75 percent of the full-time amount for students with three-quarter-time enrollment and to 50 percent of the full-time amount for students with half-time enrollment. For students enrolled less than half-time, the University prorates those COA components to 25 percent of the full-time amount and removes miscellaneous personal expenses.

For 12 (20 percent) of 60 students tested, the University inconsistently or incorrectly calculated COA. Those errors occurred as a result of (1) the manner in which the University prorated COA for students enrolled less than full-time or (2) manual errors the University made when adjusting COA. One of those students received assistance that exceeded the student’s cost of attendance, resulting in an overaward of \$307 in Direct Loans associated with award P268K122328. Incorrectly or inconsistently calculating COA increases the risk that students may be overawarded or underawarded assistance, or may not be awarded assistance consistently when compared to other students with a similar enrollment status.

In addition, for 1 (2 percent) of 60 students tested, the University did not adjust the award amount for the student after it appropriately adjusted the student’s COA. The University prorated that student’s COA to reflect

the student's enrollment status as required by its policy; however, when it made that adjustment, the University did not adjust the student's award. This resulted in an overaward of \$1,257 in Direct Loans associated with award P268K122328.

Pell Grant Awards

For the federal Pell Grant program, institutions use the payment and disbursement schedules provided each year by the U.S. Department of Education for determining award amounts (Title 34, CFR, Section 690.62). Those schedules provide the maximum annual amount a student would receive for a full academic year for a given enrollment status, EFC, and COA. There are separate schedules for three-quarter-time, half-time, and less-than-half-time students (2011-2012 *Federal Student Aid Handbook*, Volume 3, Chapter 3). Additionally, a student's eligibility for a Pell Grant must first be determined and considered before the student is awarded other assistance such as Direct Subsidized or Direct Unsubsidized loans (Title 34, CFR, Section 685.200).

For 2 (6 percent) of 35 students who received Pell Grants tested, the University awarded the students an amount that was less than the amount the students were eligible to receive. Specifically:

- For one student, the University underawarded the student \$1,387 in Pell Grant assistance because it did not update its records to include hours that the student enrolled in through a consortium agreement.
- For the other student, the University underawarded the student \$50 in Pell Grant assistance because it did not adjust the student's Pell Grant award using the correct EFC after it verified the student's Free Application for Federal Student Aid (FAFSA).

Post-baccalaureate and Graduate Students Receiving Pell Grants

In selecting students for the federal Pell Grant Program, an institution must determine whether a student is eligible to receive a federal Pell Grant for the period of time required to complete his or her first undergraduate baccalaureate course of study (Title 34, CFR, Section 690.6(a)). For each payment period, an institution may award a federal Pell Grant to an eligible student only after it determines that the student is enrolled in an eligible program as an undergraduate student (Title 34, CFR, Section 690.75(a)).

An otherwise eligible student who has a baccalaureate degree and is enrolled in a post-baccalaureate program is eligible to receive a federal Pell Grant for the period of time necessary to complete the program if (1) the post-baccalaureate program consists of courses that are required by a state for the student to receive a professional certification or licensing credential that is required for employment as a teacher in an elementary or secondary school in that state; (2) the post-baccalaureate program does not lead to a graduate degree; (3) the institution offering the post-baccalaureate program does not also offer a baccalaureate degree in education; (4) the student is enrolled as at least a half-time student; and (5) the student is pursuing an initial teacher certification or licensing credential within a state (Title 34, CFR, Section 690.6(c)). In addition, an institution must treat a student who receives a federal Pell Grant under Title 34, CFR, Section 690.6(c), as an undergraduate student enrolled in an undergraduate program for Title IV purposes (Title 34, CFR, Section 690.6(d)).

The University awarded five post-baccalaureate students \$16,625 in Pell grants associated with award P063P112328 for which they were not eligible because they had already received the first baccalaureate degree. That occurred because the University's financial aid system relied on self-reported information from the students' ISIRs, which indicated that the students had not yet received a bachelor's degree. Those students graduated after submitting their FAFSAs but prior to the disbursement of aid for the Fall or Spring terms; however, the University did not have a control to identify students who had received a baccalaureate degree and a Pell Grant.

Additionally, the University's policy is to award Pell Grants to students who are classified as special graduates and who are enrolled in the University's teacher certification program, which the University considers to be an eligible post-baccalaureate program under the provisions discussed above. During the 2011-2012 award year, the University awarded 63 students who had earned their baccalaureate degree and were pursuing a teacher certification a total of \$199,003 in Pell Grants. Thirteen of those students were also seeking a graduate degree or graduate certification and may not have been strictly enrolled in teacher certification courses during the terms for which they received Pell Grants. Additionally, the University awarded 1 of those 13 students \$14,770 in Direct Loans, which exceeded the maximum amount available to an undergraduate student (the

University is required to treat those students as undergraduate students for the purposes of awarding Title IV assistance). The University's process is to classify those students as special graduates (regardless of whether they are also enrolled in a graduate program not related to teacher certification requirements). However, the University has not established adequate controls to ensure that those students do not receive Pell grants for terms in which they are not strictly pursuing a teacher certification.

As a result of the issues described above, the University may have awarded Pell Grants to students who were not eligible for that assistance.

Federal Supplemental Educational Opportunity Grant

The Federal Supplemental Educational Opportunity Grant (FSEOG) program provides grants to eligible undergraduate students. Institutions are required to award FSEOG to federal Pell Grant recipients who have the lowest EFC first. If an institution has FSEOG funds remaining after giving FSEOG awards to all Pell Grant recipients, the institution can then award the remaining FSEOG funds to eligible students with the lowest EFCs who did not receive Pell Grants (Title 34, CFR, Section 676.10).

The University awarded \$17,128 in FSEOG assistance to 10 students who did not receive a Pell Grant during the 2011-2012 award year; it also did not award FSEOG assistance to all other Pell Grant recipients before awarding FSEOG assistance to non-Pell Grant recipients. The University initially determined that those 10 students were eligible for Pell Grants. However, those students became ineligible for Pell Grants after the University verified their FAFSAs prior to disbursing Fall 2011 assistance. The University's financial aid system removed the Pell Grant assistance from those students' awards as a result of the verification, but the University did not manually remove the FSEOG awards at that time. As a result, at the time the University disbursed FSEOG assistance to those students they were not eligible for that assistance.

Satisfactory Academic Progress

Institutions must establish a reasonable satisfactory academic progress policy for determining whether an otherwise eligible student is making satisfactory academic progress in his or her educational program and may receive Title IV assistance (Title 34, CFR, Section 668.34(a)). A student is eligible to receive Title IV, Higher Education Act (HEA) program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that meet the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)). A student is making satisfactory progress when the student is enrolled in a program of study of more than two academic years and, therefore, is eligible to receive Title IV, HEA program assistance after the second year, if, at the end of the second year, the student has a grade point average of at least a "C" or its equivalent, or has academic standing consistent with the institution's requirements for graduation (Title 34, CFR, Section 668.34(a)).

The University's policy is to evaluate satisfactory academic progress (SAP) for all students at the end of each period of enrollment. The University's policy is to place students in a warning status for one term when they do not comply with its SAP policy. If the student does not comply with the SAP policy for a second term, the student should be placed in a suspension status and is ineligible to receive Title IV assistance until the student submits an appeal and the University approves the appeal, or until the student regains eligibility by complying with the University's SAP policy. However, in practice, it's the University's process to place the student in a warning status for two terms prior to suspending the student's eligibility for Title IV assistance. The University's process is not consistent with its policy for determining compliance with its established SAP standards, which increases the risk that the University could allow students to receive assistance for one term longer than specified by its policy.

Based on the process the University used to calculate SAP during the 2011-2012 award year, for 26 (43 percent) of 60 students tested, the University did not determine the student's compliance with its SAP standards for one or more terms or made errors in determining compliance. Specifically:

- For eight students, the University assigned an inappropriate SAP status. For those students, the University either did not send SAP warnings or sent warnings after the students met SAP. That occurred because of errors in the automated processes the University used to determine compliance with its SAP standards. For example,

that process did not correctly determine compliance for prior terms based on the completion requirements that were in effect for those terms.

- For 16 students, the University did not determine SAP status for one or more terms in the award year. The University asserted that errors in its automated SAP determination process caused that issue.
- For two students enrolled in the University’s law program, the University did not determine compliance with its SAP policy during the 2011-2012 award year. That occurred because the University did not determine SAP compliance for students enrolled in its law program during the award year. During the 2011-2012 award year, the University disbursed Title IV assistance to 487 students enrolled in its law program.

As a result of the SAP issues discussed above, the University awarded financial assistance to one student who was not eligible for that assistance. That student received \$9,201 in Direct Loans associated with award P268K122328 when the student should have been suspended from receiving that assistance. Not correctly assigning SAP status increases the risk that the University could award Title IV assistance to students who are not eligible for that assistance.

Corrective Action:

This finding was reissued as current year reference number: 2013-149.

Reference No. 13-129

Special Tests and Provisions – Verification

(Prior Audit Issues 12-136, 11-136, and 09-72)

Student Financial Assistance Cluster

Award year – July 1, 2011 to June 30, 2012

Award numbers – CFDA 84.007, Federal Supplemental Education Opportunity Grants, P007A114151; CFDA 84.033, Federal Work-Study Program, P033A114151; CFDA 84.063, Federal Pell Grant Program, P063P112328; CFDA 84.268, Federal Direct Student Loans, P268K122328; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T122328

Type of finding – Significant Deficiency and Non-Compliance

An institution shall require each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification on the basis of edits specified by the Secretary of the U.S. Department of Education to verify all of the applicable items, which include household size; number of household members who are in college; adjusted gross income (AGI); U.S. income taxes paid; and certain types of untaxed income and benefits such as Social Security benefits, child support, individual retirement account and Keogh account deductions, interest on tax-free bonds, and other untaxed income (Title 34, Code of Federal Regulations (CFR), Section 668.56). When the verification of a student’s eligibility results in a total difference of more than \$400 from the student’s original FAFSA, the institution must submit a correction and recalculate the expected family contribution based on the student’s new information to determine whether an adjustment to Title IV assistance is required (Title 34, CFR, Section 668.59).

Initial Year Written:	2008
Status:	Partially Implemented
U.S. Department of Education	

Additionally, on March 31, 2011, the U.S. Department of Education clarified in the *2011-2012 Application and Verification Guide* section of its *Federal Student Aid Handbook*, that the Making Work Pay tax credit should be included in verification as a component of other untaxed income (*2011-2012 Application and Verification Guide*, page AVG-19).

For 6 (10 percent) of 60 student verifications tested, Texas Tech University (University) did not retain supporting documentation for all verified amounts. Additionally, the University did not accurately verify all required items on the Institutional Student Information Records (ISIR). Specifically:

- For two student verifications, the University made manual errors to AGI or tax paid amounts in its financial aid system. For those two students, the University also did not accurately verify other untaxed income (see the issue

involving the Making Work Pay tax credit discussed below). Based on information the University provided, those errors resulted in an overaward of \$1,125 in Pell grants associated with award P063P112328.

- For four student verifications, the University could not provide evidence of supporting documentation for all verified amounts, including AGI, taxes paid, and untaxed income. For those students, the University obtained the wrong year tax return, did not retain all pages of the tax return that it used for verification, or could not support that it had obtained a tax return. When auditors brought this issue to management’s attention, it subsequently obtained support for all four student verifications. Based on information the University provided, these errors did not result in adjustments to the students’ ISIRs or awards.

The above errors occurred because of manual errors the University made in verification. Additionally, the University did not perform supervisory or peer review of completed verifications to help ensure the accuracy of those verifications.

In addition, for 51 (88 percent) of 58 students who received untaxed income, the University did not accurately verify the Making Work Pay tax credit when it verified the information on the students’ FAFSAs. Of those 51 students, 26 had errors on their FAFSAs that exceeded \$400; as a result, the University should have requested new ISIRs for those students. According to the University, those errors occurred because it did not become aware of the requirement to include the Making Work Pay credit as untaxed income until November 2011. The exclusion of untaxed income from the ISIRs could affect the students’ expected family contribution and increases the risk that students could be overawarded Title IV assistance. Additionally, for 1 of those 26 students, the University incorrectly excluded \$2,024 in retirement deferrals from untaxed income. Based on information the University provided, the student’s errors related to untaxed income resulted in an overaward of \$745 in Pell grants associated with award P063P112328.

Correction Action:

This finding will be reissued as current year reference number: 2013-150.

Reference No. 13-130

Special Tests and Provisions – Disbursements To or On Behalf of Students

Student Financial Assistance Cluster

Award year – July 1, 2011 to June 30, 2012

Award numbers – CFDA 84.268, Federal Direct Student Loans, P268K122328; CFDA 84.063, Federal Pell Grant Program, P063P112328; and CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A114151

Type of finding – Significant Deficiency and Non-Compliance

Disbursement Notifications

If an institution credits a student’s account at the institution with Direct Loan, Federal Perkins Loan, or Teacher Education Assistance for College and Higher Education (TEACH) Grant Program funds, no earlier than 30 days before and no later than 30 days after crediting the student’s account, the institution must notify the student or parent of (1) the anticipated date and amount of the disbursement; (2) the student’s right or parent’s right to cancel all or a portion of that loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement and have the loan proceeds returned to the holder of that loan or TEACH Grant proceeds returned to the Secretary of the U.S. Department of Education; and (3) the procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written:	2012
Status:	Implemented
U.S. Department of Education	

For 4 (7 percent) of 55 students tested who received 6 disbursements of Direct Loans, Texas Tech University (University) did not send required disbursement notifications within 30 days of disbursement during the Summer 2012 term. The University sent those disbursement notifications between 37 and 58 days after crediting

the students' accounts. Those errors occurred because of an error in the query the University used to identify students who received a disbursement during Summer 2012. As a result, students who received a disbursement for Summer 2012 Direct Loans prior to July 26, 2012 did not receive a notification until auditors brought this issue to the University's attention during this audit. Not receiving disbursement notifications promptly could impair students' and parents' ability to cancel their loans.

Accounting for Post-withdrawal Disbursements

If the total amount of Title IV assistance earned by a student is less than the amount 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 (Title 34, Code of Federal Regulations, Sections 668.22(a)(4)).

For 7 (10 percent) of 67 students tested who withdrew during a semester, the University recorded an additional disbursement to the students for the period of enrollment in which the students withdrew. The additional disbursements occurred after the University had determined that the students withdrew and after it had completed the return of Title IV funds process for those students. Those errors were related to the manner in which the University recorded the disbursements it made to those students in its financial aid system. Specifically:

- For three students, the University's student financial aid system incorrectly reflected Fall 2011 disbursements when the students had withdrawn during that semester. Those disbursements should have been recorded as Spring 2012 disbursements, during which time the students were enrolled. This occurred because the University did not manually override the default aid packaging in its student financial aid system as Spring-only disbursements. As a result, \$9,587 in Direct Loans funds and \$388 in Federal Supplemental Educational Opportunity Grant funds were incorrectly recorded in the financial aid system as Fall 2011 disbursements instead of Spring 2012 disbursements.
- The University recorded financial aid in the wrong semester for three students who had withdrawn from the University in a prior term, and it disbursed excess aid to two of those students. That occurred because the University incorrectly set up the Summer Pell grant calculation in its student financial aid system. The University identified this issue in early Summer 2012, and it asserted that it reviewed and updated Summer Pell awards based on remaining eligibility. However, the University's review did not detect that, for one student, a \$347 Pell disbursement was incorrectly recorded in the financial aid system for Spring 2012 instead of for Summer 2012. In addition, the University's review did not detect that, for the other two students, disbursements of \$2,775 and \$694 were incorrectly recorded in the financial aid system for Fall 2011 and Spring 2012, respectively, instead of for Summer 2012. For those two students, this error also resulted in a total Pell grant overaward of \$2,081 associated with award P063P112328 (\$1,387 and \$694, respectively).
- For one student, the University incorrectly recorded a disbursement of Direct Loan funds to the student's Spring 2012 law program assistance when the student had withdrawn from that program. The student withdrew from the law program in Spring 2012 and re-enrolled in a graduate program that same semester. However, the student's assistance was incorrectly recorded as a Spring 2012 disbursement in the law program budget group. The University asserted that its student financial aid system does not allow for two different aid periods and budget groups in the same year, and that it could not change the aid period and budget group to the graduate program for Spring 2012. However, the University did not make a manual adjustment to the student's disbursement to correct that error.

Corrective Action:

Corrective action was taken.

Reference No. 13-131

Special Tests and Provisions – Return of Title IV Funds

(Prior Audit Issues 12-137, 11-138, and 09-74)

Student Financial Assistance Cluster

Award year – July 1, 2011 to June 30, 2012

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P112328; CFDA 84.268, Federal Direct Student Loans, P268K122328; CFDA 84.007, Federal Supplement Educational Opportunity Grants, P007A114151; CFDA 84.038, Federal Perkins Loans, Award Number Not Available; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T122328

Type of finding – Material Weakness and Non-Compliance

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV assistance earned by the student as of the student’s withdrawal date (Title 34, Code of Federal Regulations, Section 668.22(a)(1)). If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student on his or her behalf as of the date of the institution’s determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is more than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (Title 34, Code of Federal Regulations, Section 668.22(a)).

Initial Year Written: 2008
 Status: Partially Implemented

 U.S. Department of Education

The amount of earned Title IV grant or loan assistance is calculated by determining the percentage of Title IV grant or loan assistance that has been earned by the student and applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student for the payment period or period of enrollment as of the student’s withdrawal date. A student earns 100 percent if his or her withdrawal date is after the completion of more than 60 percent of (1) the calendar days in the payment period or period of enrollment for a program measured in credit hours or (2) the clock hours scheduled to be completed for the payment period or period of enrollment for a program measured in clock hours (Title 34, Code of Federal Regulations, Section 668.22(e)(2)). Otherwise, the percentage earned by the student is equal to the percentage (60 percent or less) of the payment period or period of enrollment that was completed as of the student’s withdrawal date (Title 34, Code of Federal Regulations, Section 668.22(e)).

An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the payment period or period of enrollment (Title 34, Code of Federal Regulations, Section 668.22(j)(2)).

Texas Tech University’s (University’s) query to identify students who unofficially withdrew from the University incorrectly excluded some students who may have unofficially withdrawn during the 2011-2012 award year. That occurred because the query included students who received grades of only “F”; as a result, the query excluded students with other combinations of grades that could indicate that they unofficially withdrew. For example, the University’s query did not identify students who dropped some courses and received “Fs” in other courses. Based on information the University provided, the University did not determine whether it needed to return funds for 349 potential withdrawals associated with 335 students. Those students received a total of \$1,995,238 in Title IV assistance for the semesters in which they potentially withdrew during the 2011-2012 award year. Because the University did not request information or calculate returns, auditors could not determine whether the University was required to return Title IV funds for those students.

In addition, the University did not always document or correctly perform return calculations when required. For 9 (16 percent) of 55 students tested who required a Return of Title IV funds calculation, the University either did not document its calculations or did not perform the calculation correctly. Specifically:

- For two students who withdrew from the University’s law program, the University did not adjust the students’ period of enrollment in its return calculations for those students. Instead, the University incorrectly applied the period of enrollment for students enrolled in its non-law programs. As a result, for one of those students, the

University returned \$212 in excess Direct Loan funds. For the other student, the University should have returned (but did not return) \$137 in Direct Loan funds associated with award P268K122328.

- For two students who unofficially withdrew, the University did not calculate whether a return was necessary because it did not request any documentation to determine the students' last date of attendance. As a result of that error, the University also did not determine the students' withdrawal dates within 30 days of the end of the period of enrollment. For one student, the University identified the student in its unofficial withdrawals query, but it did not notify the student of the requirement to provide evidence of the student's last date of attendance as specified in its policies and procedures. That student received \$694 in Pell grants associated with award P063P112328 and \$2,737 in Direct Loan funds associated with award P268K122328. For the other student, the University did not request documentation because the student was excluded from the University's unofficial withdrawal report. That student was excluded from the unofficial withdrawal report because the University had not yet disbursed Title IV assistance to the student when it ran its Fall semester unofficial withdrawal report. The University later disbursed Direct Loan funds to the student, but it never requested any documentation of attendance from the student. The University disbursed a total of \$2,775 in Pell funds associated with award P063P112328 and \$3,538 in Direct Loan funds associated with award P268K122328 to that student.
- For five students who unofficially withdrew, the University correctly determined that the students had completed more than 60 percent of the enrollment period; as a result, the University did not need to return funds for those students. However, the University did not document its return calculation using the U.S. Department of Education's calculation worksheet, as required by its internal procedures.

Correction Action:

This finding will be reissued as current year reference number: 2013-151.

Reference No. 13-132

Special Tests and Provisions – Enrollment Reporting

(Prior Audit Issues 12-138, 11-139, and 09-75)

Student Financial Assistance Cluster

Award year – July 1, 2011 to June 30, 2012

Award number – CFDA 84.268, Federal Direct Student Loans, P268K122328

Type of finding – Significant Deficiency and Non-Compliance

Unless an institution expects to submit its next student status confirmation report to the Secretary of the U.S. Department of Education or the guaranty agency within the next 60 days, it must notify the guaranty agency or lender within 30 days if it discovers that a Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis, (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended, or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations, Section 685.309(b) and 682.610(c)).

Initial Year Written: 2008
Status: Partially Implemented
U.S. Department of Education

Texas Tech University (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to the National Student Loan Data System (NSLDS). Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to the respective lenders and guarantors. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, Chapter 1).

The University did not always report student status changes to NSLDS in an accurate and timely manner. Specifically:

- For 6 (10 percent) of 61 students tested, enrollment status changes were not reported to NSLDS. For two of those students, the University reported the enrollment status changes in a timely manner to NSC, but the status changes were not reported to NSLDS. The University was unable to determine why NSC did not report these changes to NSLDS. The remaining four students graduated from the University's law school in May 2012, but they were not reported as having graduated to NSC or NSLDS. Those errors occurred because of an inconsistency in the formatting of the file the University uses to send records to NSC. Based on information the University provided, the formatting error resulted in 21 fall law school graduates and 186 spring law school graduates not being reported to NSC or NSLDS.
- For 4 (7 percent) of 61 students tested, an incorrect enrollment status change was reported to NSLDS. The University incorrectly reported all four students as withdrawn when it should have reported them as graduated. The University was unable to identify a cause for those errors.

Automated controls are not operating effectively to help ensure that enrollment files and degree verifications the University submits to NSC are complete and accurate. For example, when the University uploaded one enrollment file to NSC, NSC did not receive information for 47 students because of an inconsistency in one data field. Additionally, the University does not have a monitoring process to help ensure that NSC reports enrollment status information to NSLDS in an accurate and timely manner.

Inaccurate and delayed submission of information affects the determinations that lenders and servicers of student loans make related to in-school status, deferments, grace periods, and repayment schedules, as well as the federal government's payment of interest subsidies.

Correction Action:

This finding will be reissued as current year reference number: 2013-152.

Texas Woman's University

Reference No. 12-141

Special Tests and Provisions – Disbursements To or On Behalf of Students

Student Financial Assistance Cluster

Award year – July 1, 2010 to June 30, 2011

Award numbers – CFDA 84.268 P268K112330, CFDA 84.038 Award Number Not Applicable, CFDA 84.379 P379T112330, CFDA 84.063 P063P102330, CFDA 84.007 P007A104153, CFDA 84.033 P033A104153, CFDA 84.375 P375A102330, CFDA 84.376 P376S102330, CFDA 93.364 E4CHP14958-02-00, CFDA 93.925 T08HP18611-01-00, and CFDA 93.407 TOAHP18334-01-00

Type of finding – Significant Deficiency and Non-Compliance

Disbursement Notification Letters

If an institution credits a student's account at the institution with Direct Loan, Federal Perkins Loan, or Teacher Education Assistance for College and Higher Education (TEACH) Grant program funds, no earlier than 30 days before and no later than 30 days after crediting the student's account, the institution must notify the student or parent of (1) the anticipated date and amount of the disbursement; (2) the student's right or parent's right to cancel all or a portion of that loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement and have the loan proceeds returned to the holder of that loan or TEACH Grant proceeds returned to the Secretary of the U.S. Department of Education; and (3) the procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement (Title 34, Code of Federal Regulations, Section 668.165).

Initial Year Written:	2011
Status:	Partially Implemented
U.S. Department of Education U.S. Department of Health and Human Services	

For 4 (7 percent) of 57 students tested who received Direct Loans, Perkins Loans, and TEACH Grants, Texas Woman's University (University) did not send disbursement notifications for Perkins Loan or TEACH Grant disbursements. The University asserts that it did not send disbursement notifications for Perkins Loans or TEACH Grants during the 2010-2011 award year due to a miscommunication between the Office of Student Financial Aid and the programmers responsible for the automated disbursement notification process. A total of 64 students received Perkins Loans and a total of 51 students received TEACH grants during the 2010-2011 award year.

For 3 (5.3 percent) of 57 students tested, the University did not retain documentation that it sent disbursement notifications to recipients of Direct Loans. The University asserts that a programming error in the automated disbursement notification process caused the University's financial assistance application to send incorrect disbursement notifications for all disbursements on May 28, 2010, and June 2, 2010. Specifically, the system sent duplicate copies of prior disbursement notifications, instead of notifications for the disbursements that occurred on those dates. The University asserts that it attempted to correct this issue by manually sending the correct disbursement notifications; however, it did not retain documentation of those notifications. The University disbursed Direct Loans to 404 students on these two dates.

Not receiving disbursement notifications promptly could impair students' and parents' ability to cancel their loans.

Recommendations:

The University should:

- Send disbursement notifications to Perkins Loan and TEACH Grant recipients within 30 days before or after crediting a student's account with funds.
- Retain documentation demonstrating that it sent disbursement notifications within the required time frames.

Management Response and Corrective Action Plan 2011:

Management has made corrections to software processes to ensure that all disbursement notifications are sent to recipients of Federal Direct Loans, Federal Perkins Loans, and TEACH Grants within 30 days before or after a student's account is credited with the funds. Disbursement notifications have been sent to all Perkins Loan and TEACH Grant recipients who did not receive timely notifications.

Management has corrected its automated processes to ensure that dated copies of all disbursement notifications sent to Federal Direct Loan, Federal Perkins Loan, and TEACH Grant recipients are automatically saved to the Financial Aid Office's imaging system.

Procedures have been modified to strengthen and improve oversight of the reporting of Direct Loan and Pell Grant disbursement records to COD to ensure that the information is accurate. The necessity of manual data entry has been minimized.

Management Response and Corrective Action 2012:

Management will correct software processes to ensure that all disbursement notifications are sent to recipients of Federal Direct Loans, Federal Perkins Loans, and TEACH Grants within 30 days before or after a student's account is credited with the funds. Disbursement notifications were sent to all Perkins Loan and TEACH Grant recipients who failed to receive them.

Management will make corrections to its automated processes to ensure that dated copies of all disbursement notifications sent to recipients of Federal Direct loans, Federal Perkins Loan, and TEACH Grants are automatically saved to the Financial Aid Office's imaging system.

2013 Update:

The University has implemented a process to send disbursement notifications to Perkins Loan and TEACH Grant recipients; however, the University did not always send TEACH Grant disbursement notification letters within the required time frame. For one TEACH Grant disbursement tested, the University coded the disbursement as a Direct Loan and not a TEACH Grant in the notification letter. That error was not corrected within 30 days of crediting the student's account. Additionally, for students who received multiple TEACH Grant disbursements in the Summer 2013 term, the University sent a disbursement notification letter only for the initial disbursement and not for any subsequent disbursements.

The University did retain documentation that it sent disbursement notification letters within the required time frame for all Direct Loan disbursements tested.

Management Response and Corrective Action 2013:

The automated process for generating disbursement letters and storing copies of the disbursement letters in the financial aid imaging system was modified to eliminate errors in processing. The original implementation date was March 15, 2013, but further testing and refinement of the process was conducted after that date and will be completed on December 15, 2013.

Implementation Date: December 15, 2013

Responsible Person: Governor Jackson

Department of Transportation

Reference No. 13-133

**Activities Allowed or Unallowed
Allowable Costs/Cost Principles
Real Property Acquisition and Relocation Assistance**

**Highway Planning and Construction Cluster
Award years – Multiple
Award numbers – Multiple
Type of finding – Significant Deficiency**

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

Initial Year Written: 2012
Status: Partially Implemented

U.S. Department of
Transportation – Federal
Highway Administration

The Department of Transportation (Department) uses its Right of Way Information System (ROWIS) as the system of record for right of way transactions across the state. **However, the Department did not appropriately restrict access to ROWIS.** Specifically, one programmer had access to both authorize transactions within ROWIS and submit approved transactions to the accounting system for payment. In general, programmers should not have access to approve transactions or submit them for payment. Allowing programmers inappropriate access increases the risk of unauthorized or fraudulent transactions. However, in fiscal year 2012, the programmer did not approve any transactions within ROWIS or submit any transactions to the accounting system for payment.

Corrective Action:

This finding was reissued as current year reference number: 2013-155.

Reference No. 13-134

Davis-Bacon Act
(Prior Audit Issues 12-142, 11-142, and 10-82)

**Highway Planning and Construction Cluster
Award years – 2010 and 2011
Award numbers – CM 96(732) and STP 1102(311)
Type of finding – Significant Deficiency and Non-Compliance**

When required by the Davis-Bacon Act, the U.S. Department of Labor's (DOL) government-wide implementation of the Davis-Bacon Act, the American Recovery and Reinvestment Act, or federal program legislation, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the DOL (Title 40, United States Code, Sections 3141-3142).

Initial Year Written: 2009
Status: Partially Implemented

U.S. Department of
Transportation – Federal
Highway Administration

Non-federal entities shall include in construction contracts that are subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and DOL regulations (Title 29, Code of Federal Regulations (CFR), Part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction). This includes a requirement for the contractor or subcontractor to submit to the non-federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (Title 29, CFR, Sections 5.5 and 5.6). This

reporting is often done using optional form WH-347, which includes the required statement of compliance (Office of Management and Budget No. 1215-0149).

The Department of Transportation (Department) was not always able to provide documentation showing that it collected weekly certified payrolls from its contractors. **For 2 (3 percent) of 60 projects tested, the Department did not ensure that contractors submitted all weekly certified payrolls for fiscal year 2012.** Specifically, the Department could not provide eight certified payrolls for those two projects during the period tested. The total federal amount expended on those projects, including payroll and non-payroll costs, was \$706,667.

The Department does not have a standardized process for tracking certified payrolls that contractors submit. Each area office within each Department district office determines its own method for ensuring that contractors submit certified payrolls. As of December 3, 2012, the Department asserted that its 25 district offices had a total of 89 area offices. Auditors determined the following for the 60 projects tested:

- For 6 (10 percent) of the 60 projects, area offices used the Electronic Project Record System (EPRS), which allows users to detect missing certified payrolls by reviewing system-generated missing certified payrolls for each vendor for a project.
- For 4 (7 percent) of the 60 projects, area offices used EPRS and a tracking sheet to monitor whether contractors had submitted all certified payrolls.
- For 26 (43 percent) of the 60 projects, area offices used a tracking sheet to monitor whether contractors had submitted all certified payrolls.
- For 24 (40 percent) of the 60 projects, area offices did not have formal, documented processes to ensure that contractors submitted certified payrolls.

When contractors do not consistently submit required certified payrolls, the Department cannot ensure that contractor and subcontractor employees are properly classified and being paid the appropriate wage rate in accordance with the Davis-Bacon Act.

Corrective Action:

This finding was reissued as current year reference number: 2013-156.

Reference No. 13-135

Period of Availability of Federal Funds

(Prior Audit Issues 12-143, 11-143, and 10-81)

Highway Planning and Construction Cluster

Award years – Multiple

Award numbers – Multiple

Type of finding – Significant Deficiency

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

The Department of Transportation (Department) uses the Federal Project Authorization and Agreement (FPAA) system to process and track project approvals from the Federal Highway Administration. The FPAA system details when federal funds are authorized, which is the starting point for the period of availability of federal funds. The Department must obtain approval from the Federal Highway Administration prior to starting construction work on a project and expending federal funds (Title 23, Code of Federal Regulations, Section 630.106).

Initial Year Written:	2009
Status:	Partially Implemented

U.S. Department of Transportation – Federal Highway Administration
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The Department did not appropriately restrict access to the FPAA system. Specifically, two programmers had access to make code changes and then migrate those code changes into the production environment for the FPAA system. In general, programmers should not have access to migrate code changes that they make to the production environment. Allowing programmers inappropriate access increases the risk of unauthorized changes and does not allow for adequate segregation of duties.

The Department's Finance Division manages the FPAA system. In fiscal year 2012, the Department made only one change to the FPAA system, and different individuals developed and migrated that change to the production environment.

Corrective Action:

This finding was reissued as current year reference number: 2013-157.

Reference No. 13-136

**Procurement and Suspension and Debarment
Subrecipient Monitoring**

(Prior Audit Issues 12-144, 11-144, 10-84, and 09-80)

**Highway Planning and Construction Cluster
Highway Planning and Construction Cluster – ARRA**

Award years – Multiple

Award numbers – Multiple

Type of finding – Significant Deficiency and Non-Compliance

The Department of Transportation (Department) is required by the Office of Management and Budget (OMB) Circular A-133, Section .400, to monitor the provisions of the contracts or grant agreements. In addition, the Department is responsible for the construction of all federal aid projects, and it is not relieved of such responsibility by authorizing performance of the work by a local public agency or other federal agency. State transportation departments are responsible for ensuring that such projects receive adequate supervision and inspection to ensure that projects are completed in conformance with approved plans and specifications (Title 23, Code of Federal Regulations, Section 635.105(a)).

Initial Year Written: 2008
Status: Partially Implemented

U.S. Department of
Transportation – Federal
Highway Administration

Pre-award Monitoring

At the time of the award, pass-through entities must identify to subrecipients the applicable compliance requirements and the federal award information, including the Catalog of Federal Domestic Assistance (CFDA) title and number, the federal award name and number, the name of the federal awarding agency, and whether the award is research and development (Office of Management and Budget (OMB) Circular A-133, Section .400(d), and OMB Circular A-133 Compliance Supplement, Part 3, Section M).

Federal rules require that, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Title 2, Code of Federal Regulations, Section 180.300). Covered transactions include all nonprocurement transactions (that is, subawards to subrecipients) irrespective of award amount (Title 2, Code of Federal Regulations, Sections 180.220 and 180.970).

Beginning October 1, 2010, an agency may not make an award to an entity until it has obtained a valid Data Universal Numbering System (DUNS) number for that entity (Title 2, Code of Federal Regulations, Sections 25.105 and 25.205).

Auditors tested 60 Department project agreements with subrecipients and identified the following:

- For 7 (12 percent) of 60 agreements tested, the advanced funding agreement did not contain all required elements including the CFDA title and number, award name and number, or name of awarding federal agency. That occurred because the advanced funding agreement template the Department used did not contain the required information.
- For 5 (8 percent) of 60 agreements tested, the advanced funding agreement did not contain language requiring the subrecipients to certify that they were not suspended or debarred. The Department did not have documentation showing that it had verified that the subrecipients were not suspended or debarred.

The advanced funding agreements the Department used for the projects discussed above were agreements that Department used prior to updating its advanced funding agreement template in September 2009. For subrecipient award agreements signed after September 2009 that auditors tested, the Department communicated all required federal award information.

Additionally, the Department has not established a process to obtain a DUNS number from each subrecipient prior to making a subaward. While the Department provided evidence that it had obtained a DUNS number for subrecipients tested to which it passed federal funds during fiscal year 2012, it could not provide evidence that it had obtained that information prior to making each subaward.

When the Department does not verify that subrecipients are not suspended or debarred, this increases the risk the Department could enter into an agreement with an entity that is not eligible to receive federal funding. Incomplete communication of federal compliance requirements in the Department's agreements increases the risk that subrecipients will not follow federal guidelines related to local government project procedures for administering and managing a project. Inadequate identification of federal awards and not obtaining DUNS numbers can lead to improper reporting of federal funding on a subrecipient's schedule of expenditures of federal awards (SEFA) and Federal Funding and Accountability Transparency Act (FFATA) reports. In fiscal year 2012, the Department passed through \$272,747,553 in federal funds (including American Recovery and Reinvestment Act funds) to subrecipients.

During-the-award Monitoring

The Department did not consistently conduct sufficient during-the-award monitoring of its subrecipients.

Auditors tested documentation of during-the-award monitoring for 60 subrecipients. That documentation included reviews for allowability, period of availability, reporting, compliance with the Davis-Bacon Act, and quality assurance. Auditors identified the following issues at the Department's district offices:

- For 3 (5 percent) of 60 subrecipients tested, the Department could not provide evidence that it conducted onsite inspections for projects those subrecipients managed. Onsite inspections are a tool to monitor subrecipients' compliance with federal requirements; therefore, the Department also did not monitor those subrecipients' compliance with the Davis-Bacon Act or quality assurance requirements.
- For 2 (3 percent) of 58 subrecipients tested that were subject to procurement requirements, the Department was unable to provide evidence that it approved its subrecipients' procurement policies and procedures or vendor selection.

Through its *Local Government Project Procedures Manual*, the Department provides monitoring guidelines to its district and regional offices for the monitoring of subrecipients. However, implementation of the guidelines and creation of processes for monitoring are carried out by region-level and district-level staff.

Insufficient during-the-award monitoring increases the risk the Department would not detect subrecipients' non-compliance with federal requirements.

Corrective Action:

This finding was reissued as current year reference number: 2013-158.

Reference No. 13-137

Reporting

(Prior Audit Issue 12-145)

Highway Planning and Construction Cluster

Highway Planning and Construction Cluster – ARRA

Award years – 2010 and 2011

Award numbers – STP 1102(301)SRS, STP 2011(446)MM, DMO 2012(224), STP 2011(674)SRS, and STP 2009 (489)ES

Type of finding – Significant Deficiency and Non-Compliance

Federal Funding Accountability and Transparency Act Reports

The Federal Funding Accountability and Transparency Act (FFATA) requires prime recipients of federal awards made on or after October 1, 2010, to capture and report subaward and executive compensation data regarding first-tier subawards that exceed \$25,000. A subaward is defined as a legal instrument to provide support for the performance of any portion of the substantive project or program for which a recipient received a grant or cooperative agreement award and that is awarded to an eligible subrecipient (Title 2, Code of Federal Regulations (CFR), Chapter 170).

Initial Year Written: 2011
Status: Partially Implemented

U.S. Department of
Transportation – Federal
Highway Administration

The Department did not always submit reports in a complete and timely manner as required by FFATA. Specifically:

- For 3 (5 percent) of the 60 subaward projects tested for which the Department was required to submit FFATA reports, the Department did not submit the required reports to the FFATA Subaward Reporting System (FSRS). Two of those errors occurred because the Department’s process to identify subawards that it is required to report to FSRS is not sufficient. Specifically, the Department relies on the federal award identification numbers (FAIN) on the USAspending.gov Web site to identify awards that are subject to FFATA requirements. Using that information, the Department cross-references the FAIN to an award number to determine which projects have associated subawards that are subject to FFATA reporting. However, that process does not ensure that the Department reports on all subawards subject to FFATA requirements, including those that may not be listed on USAspending.gov. For the remaining error, although the FAIN was listed on USAspending.gov the Department did not identify that the subaward met the reporting requirements in Title 2 CFR, Chapter 170 and, as a result, it did not submit that report.
- For 1 (2 percent) of the 57 subaward projects tested for which the Department submitted a FFATA report, the Department did not submit the required report to FSRS within the required time frame. The Department submitted that report 21 days late and asserted this occurred because it was the Department’s first report submission and the Department was still developing its process for submitting required reports.

Not submitting all required reports to FSRS in a complete and timely manner decreases the reliability and availability of information provided to the awarding agency and other users of that information

American Recovery and Reinvestment Act Reporting

Section 1512 of the American Recovery and Reinvestment Act (Recovery Act) requires that recipients submit quarterly reports to the federal government. Information required to be submitted includes (1) the amount of Recovery Act funds received; (2) the amount of Recovery Act funds received that were expended; (3) a detailed list of all projects or activities for which Recovery Act funds were expended; (4) an estimate of the number of jobs created or retained; and (5) detailed information on any subcontracts or subgrants awarded by the recipient, including the data elements required to comply with the FFATA (Recovery Act, Section 1512(c)). The prime recipient of Recovery Act funds is responsible for the reporting of all data required by Recovery Act, Section 1512, for its subrecipients. As the prime recipient of Recovery Act funds, the Department obtains that information from its subrecipients and submits it to the federal government.

For 1 (2 percent) of 60 Recovery Act Section 1512 reports tested, the Department understated its total federal Recovery Act funds received by \$1,342,560. That was the result of a manual data entry error. The Department did

not detect the error because it did not review the Recovery Act expenditure data it imported into its reporting system before it submitted the report.

Quarterly reports must be submitted to the federal government to comply with Recovery Act Section 1512 reporting requirements and provide transparency regarding Recovery Act expenditures. When the Department submits an inaccurate report, that decreases the reliability of the information intended for the federal government and the general public.

Corrective Action:

This finding was reissued as current year reference number: 2013-159.

Reference No. 13-138

Special Tests and Provisions – Quality Assurance Program

(Prior Audit Issues 12-146, 11-146, 10-87, and 09-81)

Highway Planning and Construction Cluster

Award years – 2009, 2010, and 2011

Award numbers – STP 2011(771)HES, NH 2008(508)G, STP 2011(450)ES, STP 2011(309), STP 2011(751), CM 96(732), STP 2009(667)MM, BR 2005(25), STP 2011(773), and HP 2009(628)

Type of finding – Significant Deficiency and Non-Compliance

Each state transportation department must develop a quality assurance program that will assure that the materials and workmanship incorporated into each federal-aid highway construction project on the National Highway System conform with the requirements of the approved plans and specifications, including approved changes. The program must meet the criteria in Title 23, Code of Federal Regulations (CFR), Section 637.207, and be approved by the U.S. Department of Transportation’s Federal Highway Administration (FHWA) (Title 23, CFR, Section 637.205). Sampling and testing must be performed by qualified laboratories, and qualified sampling and testing personnel must be used in the acceptance decision (Title 23, CFR, Section 637.209).

Initial Year Written:	2008
Status:	Partially Implemented
U.S. Department of Transportation – Federal Highway Administration	

The Department of Transportation (Department) did not always comply with its quality assurance program approved by the FHWA. Twenty-two (10 percent) of 212 quality assurance samples tested (associated with 60 projects) contained errors related to the test documentation in SiteManager, the Department’s automated system for quality assurance testing. Specifically:

- For 12 (6 percent) of the 212 quality assurance samples tested (associated with 5 projects), the Department did not document the name of the individual who was the tester. As a result, auditors were unable to determine (1) whether the sample tests were conducted, reviewed, and approved by the same individual and (2) whether the individual who conducted the test was a certified tester.
- For 10 (5 percent) of the 212 quality assurance samples tested (associated with 5 projects), the tester and reviewer were the same individual. Management at Department district offices attributed those errors to limited resources and reductions in staff levels.

SiteManager does not have sufficient controls to ensure that (1) only certified testers are able to enter and sign off on test records and (2) a tester does not also sign off as the reviewer. Not segregating testing and reviewing responsibilities and having potentially unqualified personnel perform sample testing increases the risk that the Department may not detect project deficiencies that could affect safety and increase costs.

Corrective Action:

This finding was reissued as current year reference number: 2013-161.

Reference No. 13-139

Special Tests and Provisions – Value Engineering

Highway Planning and Construction Cluster

Award year – 2006

Award numbers – STP 2006(434) MM, IM 6107(410), and STP 2006(151)MM

Type of finding – Significant Deficiency and Non-Compliance

State departments of transportation (DOT) are required to establish a value engineering program and perform a value engineering analysis on all applicable projects (Title 23, Code of Federal Regulations (CFR), Section 627.1).

Initial Year Written: 2012
Status: Implemented

U.S. Department of
Transportation- Federal
Highway Administration

In establishing its value engineering program, a DOT must (1) establish and document program policies and procedures that ensure the required analysis is conducted on all applicable projects, and encourage analyses on other projects that may benefit; (2) ensure the analysis is conducted and all approved recommendations are implemented and documented prior to letting; (3) monitor and assess its value engineering program, and provide an annual report to the Federal Highway Administration; (4) establish and document policies, procedures, and contract provisions that identify when Value Engineering Change Proposals (VECP) may be used; identify the analysis, documentation, basis, and process for evaluating and accepting a VECP; and determine how the net savings of each VECP may be shared between the DOT and contractor; (5) establish and document policies, procedures, and controls to ensure a value engineering analysis is conducted and all approved recommendations are implemented for all applicable projects administered by local public agencies, and ensure the results of these analyses are included in program monitoring and reporting; and (6) provide for the review of any project for which a delay occurs between when the final plans are completed and the project advances to a letting for construction to determine whether a change has occurred to the project's scope or design where a value engineering analysis would be required to be conducted (Title 23, CFR, Section 627.7).

Projects for which a value engineering analysis must be performed include (1) projects located on the National Highway System with an estimated total project cost of at least \$25 million that use federal-aid highway program funding; (2) bridge projects with an estimated total cost of at least \$20 million that use federal-aid highway program funding; and (3) any other projects that the Secretary of the U.S. Department of Transportation determines to be appropriate (Title 23, United States Code, Section 106(e) and Title 23, CFR, Section 627.5).

The Department of Transportation's (Department) value engineering program does not address the review of projects for which a delay occurs between completion of the final plans for the project and letting for construction to determine whether a change in the project's scope or design requires a value engineering analysis.

Additionally, for 3 (12 percent) of 26 projects tested that required a value engineering analysis, the Department did not perform that analysis. For two of those three projects, the original estimates for the projects were below the threshold for a value engineering analysis. However, changes made prior to the final design of those two projects increased the cost to amounts that exceeded \$25 million. As a result, a value engineering analysis was required. For the third project, the Department district office staff responsible for the project asserted that they did not recall receiving communication from Department management advising them of the criteria for performing a value engineering analysis.

The Department's Design Division most recently notified each district office of the requirement to perform a value engineering analysis on projects that meet the criteria for that analysis in April 2011. However, that notification informed district offices only about the criteria for determining which projects require a value engineering analysis and did not include a list of potential projects that may have required a value engineering analysis. As a result, district offices may not be aware of projects that require a value engineering analysis.

Not performing required value engineering analyses increases the risk that the Department will not identify opportunities to improve quality, minimize cost, reduce construction time, ensure safe operations, and achieve environmental and ecological goals.

Corrective Action:

Corrective action was taken.

Reference No. 13-140

Davis-Bacon Act

(Prior Audit Issue 12-147)

CFDA 20.106 – Airport Improvement Program

Award years – Multiple

Award numbers – 3-48-SBGP-49-2008, 3-48-SBGP- 54-2009, 3-48-SBGP-57-2009, 3-48-SBGP-73-2011, and 3-48-SBGP-75-2011

Type of finding – Significant Deficiency and Non-Compliance

When required by the Davis-Bacon Act, the U.S. Department of Labor’s (DOL) government-wide implementation of the Davis-Bacon Act, the American Recovery and Reinvestment Act, or federal program legislation, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the DOL (Title 40, United States Code, Sections 3141-3142).

Initial Year Written: 2011
Status: Implemented

U.S. Department of
Transportation – Federal
Aviation Administration

Non-federal entities shall include in construction contracts that are subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and DOL regulations (Title 29, Code of Federal Regulations (CFR), Part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction). This includes a requirement for the contractor or subcontractor to submit to the non-federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (Title 29, CFR, Sections 5.5 and 5.6). This reporting is often done using optional form WH-347, which includes the required statement of compliance (Office of Management and Budget No. 1215-0149).

The Department of Transportation (Department) was unable to provide documentation that it consistently collected certified weekly payrolls required by the Davis-Bacon Act. Specifically, for 4 (44 percent) of 9 projects tested, the Department could not provide at least one of the required weekly certified payrolls for the time period tested. For each of those projects, the Department collected most, but not all, certified payrolls for those projects during fiscal year 2012. The total federal amount expended on those projects in fiscal year 2012, including payroll and non-payroll costs, was \$2,273,021.

Those errors occurred because the Department did not sufficiently review its tracking spreadsheet to ensure that contractors had submitted all required certified payrolls. For three of the four projects tested for which the Department did not have all certified payrolls, the Department could not provide evidence that it communicated with the contractors regarding the missing certified payrolls prior to the time that auditors began testing.

When contractors do not consistently submit all certified payrolls, the Department is unable to ensure that contractors and subcontractors properly classify and pay their employees the appropriate wage rate in accordance with the Davis-Bacon Act.

Corrective Action:

Corrective action was taken.

Reference No. 13-141

Eligibility

Subrecipient Monitoring

(Prior Audit Issues 12-149 and 10-92)

CFDA 20.509 – Formula Grants for Other Than Urbanized Areas

CFDA 20.509 – Formula Grants for Other Than Urbanized Areas – ARRA

Award years – 2009 and 2010

Award numbers – TX-18-X032, TX-18-X033, TX-86-X001, TX-86-X002, and TX-86-X003

Type of finding – Significant Deficiency and Non-Compliance

The Department of Transportation (Department) is required by Office of Management and Budget (OMB) Circular A-133, Section .400, to monitor subrecipients to ensure compliance with federal rules and regulations, as well as the provisions of contracts or grant agreements. The Department monitors 38 rural transit districts and several intercity bus providers to ensure that they comply with the requirements for the Formula Grants for Other Than Urbanized Areas program. Monitoring is accomplished through public transportation coordinators located within the Department’s 25 district offices, who oversee various federal programs within their jurisdictions. The Department is required to certify the eligibility of applicants and project activities, ensure compliance with federal requirements by all subrecipients, and monitor local project activity (Federal Transit Administration Circular C_9040.1f, page II-3).

Initial Year Written:	2009
Status:	Partially Implemented
U.S. Department of Transportation – Federal Transit Administration	

Subrecipient Eligibility

For 1 (3 percent) of 30 subrecipient agreements tested, the Department did not provide evidence that it verified that the subrecipient was eligible to participate in the Formula Grants for Other Than Urbanized Areas program. This occurred because the Department could not provide evidence that it obtained a request for proposal from one of its private entity subrecipients, which the Department uses to determine eligibility for its private entity subrecipients. Auditors determined that the subrecipient was eligible to receive federal funds. However, not maintaining adequate documentation of eligibility increases the risk that the Department could award federal funds to ineligible subrecipients.

Corrective Action:

Corrective action was taken.

During-the-award Monitoring

The Department is required to conduct on-site quarterly visits to review agency financial records that support requests for payment (Title 43, Texas Administrative Code, Section 31.48(c)(3)). Additionally, the Department’s grant’s management manual requires that on-site visits be documented using a PTN-126 form. During fiscal year 2012, the Department did not consistently conduct during-the-award monitoring for all subrecipients. Specifically:

- For 1 (3 percent) of 30 of subrecipients tested, the Department did not conduct required quarterly onsite visits. This error occurred because management in the Department’s Public Transportation Division incorrectly determined that quarterly onsite visits were not necessary for that for-profit subrecipient. As a result, the Department did not monitor that subrecipient for compliance with allowable costs requirements through onsite visits. However, the Department provided evidence that it reviewed that subrecipient’s invoices prior to payment.
- For 1 (11 percent) of 9 of subrecipients tested that were subject to the requirements of the Davis-Bacon Act, the Department could not provide evidence that it monitored the subrecipients’ compliance with the requirements of the Davis-Bacon Act. The Department asserted that the coordinator responsible for monitoring that subrecipient was unaware of procedures for monitoring compliance with Davis-Bacon Act requirements.
- For 1 (3 percent) of 30 of subrecipients tested, the Department did not monitor supporting documentation to ensure that subrecipients’ activities occurred within the period of availability established in the project grant

agreement. The Department's review of the subrecipient's reimbursement request did not detect that the subrecipient submitted expenditures after the end of the period of availability established by the project grant agreement. However, those expenditures were for allowable activities that occurred within the period of availability for the federal award as a whole.

- For 3 (20 percent) of 15 subrecipients tested that were subject to procurement requirements, the Department could not provide evidence that it monitored the subrecipients' compliance with procurement requirements using its procurement checklist, which it requires for procurements exceeding \$25,000. For one of those projects, the Department asserted that the coordinator responsible for monitoring the subrecipient was unaware of the requirement. For the remaining two projects, the Department was unable to provide evidence that it monitored the projects using the required checklist.

When the Department does not consistently monitor its subrecipients, it is not able to ensure the most efficient use of federal transportation funds to develop, maintain, and improve transportation systems in non-urbanized areas.

Recommendations:

The Department should:

- Perform and maintain documentation of monitoring all subrecipients, including private entity subrecipients.
- Train staff on the Department's internal policies and procedures for subrecipient monitoring, including monitoring for compliance with requirements related to period of availability, the Davis-Bacon Act, and procurement.

Management Response and Corrective Action Plan 2012:

In general, we concur with the finding.

In most cases, the incidents cited in the finding involved former employees who may not have been trained on practices currently in place. A meeting with staff was held January 15, 2013 and January 17, 2013, to discuss these audit findings and remind staff of current monitoring practices related to subrecipient eligibility, period of availability, procurement and the Davis-Bacon Act. The next training, slated for July, will again include training on these issues. We feel our current monitoring procedures are adequate and will explore opportunities for improvement.

In the incident involving the lack of a quarterly review, we agree the PTN 126 form was not used. This was a large capital project in multiple geographic locations. The decision was made to review all detailed supporting documents with each request for reimbursement, thereby increasing the level of scrutiny beyond the standard quarterly review process. Onsite visits to monitor and inspect the project were performed routinely throughout the life of the project and were coordinated with staff housed in the various locations. In the future, we will document these activities. In this environment, use of the PTN 126 form (designed to review a sample of supporting documents on a quarterly basis) was considered redundant and inadequate for the level of monitoring conducted.

Management Response and Corrective Action Plan 2013:

These findings and related monitoring procedures were discussed in staff training sessions on January 15, 2013 and January 17, 2013. In addition, a new tool for monitoring compliance with Davis-Bacon Act was introduced in July 2013, and implemented with the first quarter monitoring activities of FY 14. Therefore, we have taken corrective action to address the finding. It is our understanding that insufficient time has passed to test the effectiveness of the new monitoring tool, and the state auditors will return at a future date to conduct testing.

Implementation Date: August 31, 2013

Responsible Person: Donna Roberts

Reference No. 13-142

Reporting

(Prior Audit Issues 12-148 and 10-91)

CFDA 20.509 – Formula Grants for Other Than Urbanized Areas

Award years – 2008, 2009, 2010, 2011, and 2012

Award numbers –TX-18-X031, TX-18-X032, TX-18-X033, TX-18-X034, and TX-18-X035

Type of finding – Significant Deficiency and Non-Compliance

Federal Funding Accountability and Transparency Act Reports

The Federal Funding Accountability and Transparency Act (FFATA) requires prime recipients of federal awards made on or after October 1, 2010, to capture and report subaward and executive compensation data regarding first-tier subawards that exceed \$25,000. A subaward is defined as a legal instrument to provide support for the performance of any portion of the substantive project or program for which a recipient received a grant or cooperative agreement award and that is awarded to an eligible subrecipient (Title 2, Code of Federal Regulations (CFR), Chapter 170).

Initial Year Written: 2009
Status: Partially Implemented

U.S. Department of
Transportation – Federal
Transit Administration

The Department of Transportation’s (Department) Public Transportation Division did not report subawards as required by FFATA during fiscal year 2012. Specifically the Department did not submit reports for 54 subawards made under grants TX-18-X034 and TX-18-X035—which exceeded \$25,000 and were obligated after October 1, 2010—to the Federal Funding Accountability and Transparency Act Reporting System (FSRS). As a result, the Department did not report that it had obligated \$42,862,467 for projects associated with those 54 subawards. The Department previously submitted some FFATA reports in fiscal year 2011; however, it does not have an effective control to ensure that it submits the required reports. The staff responsible for those reports did not submit reports during fiscal year 2012 due to an oversight.

Not submitting all required reports to FSRS decreases the reliability and availability of information provided to the awarding agency and other users of that information.

Corrective Action:

Corrective action was taken.

SF-425 Reports

A grantee must submit a federal financial report for each active/executed grant (Federal Transit Administration Circular 5010.1D, page III-2(3)(a)(b)). The SF-425 report is used to report expenditures under federal awards, as well as cash status. Reporting instructions for the SF-425 report specify that the recipient’s share of expenditures must be based on actual cash disbursements or outlays, including payments to subrecipients and contractors.

For all three SF-425 reports tested for which matching requirements were applicable, the Department reported non-federal share amounts that were not supported by its accounting records. The Department determined the non-federal share of expenditures by multiplying its federal outlays by the required matching percentage. According to the Department, these errors occurred because the Federal Transit Administration directed the Department to provide the required match, and not the actual match, on its SF-425 reports. However, that practice resulted in the Department reporting amounts that were not based on actual cash disbursements or outlays as required.

Inaccurate reporting on financial reports decreases the reliability of information provided to funding agencies and other stakeholders.

Recommendation:

The Department should report actual non-federal share amounts on its SF-425 reports.

Management Response and Corrective Action Plan 2012:

SF-425 reports are completed in accordance with guidance from our funding agency, the Federal Transit Administration (FTA). The SAO has determined that such guidance does not adhere to requirements from OMB. Several attempts to have the FTA and SAO discuss this item were unsuccessful. We will continue to work through this issue with all parties.

Management Response and Corrective Action Plan 2013:

On August 15, 2013 a meeting was held with individuals present from the following organizations, Texas Department of Transportation (TxDOT), Federal Transit Administration (FTA) and the State Auditor's Office (SAO), to discuss the conflicting guidance issued by FTA and direction from SAO on completing the Federal Financial Report (FFR) formerly called the SF 425. All parties agreed the direction from SAO was the correct way to complete the FFR and FTA agreed to place that direction in a letter to TxDOT. On October 25, 2013, TxDOT received a letter from FTA concurring with the direction provided by SAO on how to correctly complete the FFR. Implementation to proceed as directed by SAO and FTA was immediate. A training session was held in October with our financial and field staff to emphasize accurate reporting of matching funds. The reimbursement form used by our grant subrecipients was revised to allow for proper reporting of match. Therefore, we have taken corrective action to address the finding. It is our understanding that insufficient time has passed to test the effectiveness of the change in direction on completing the FFR, and the state auditors will return at a future date to conduct testing.

Implementation Date: October 2013

Responsible Person: Bobby Killebrew

RU-20 Reports

Recipients are required to submit an annual report containing financial and operating information. The state agency administering a Formula Grants for Other Than Urbanized Areas program is responsible for submitting rural reports on behalf of the state and its subrecipients. This data is submitted using the Rural General Public Service Transit form (RU-20).

For all six RU-20 reports tested, the Department could not provide evidence to support the amounts it reported for local operating assistance and annual capital costs. The Department asserted that support for those amounts was previously maintained by an employee who no longer works for the Department and the Department did not maintain that support after the employee's departure. As a result, auditors could not determine whether those amounts were accurate.

Unsupported information in reports increases the risk that federal agencies could rely on inaccurate information.

Corrective Action:

Corrective action was taken.

University of Houston

Reference No. 13-143

Eligibility

(Prior Audit Issue 12-150)

Student Financial Assistance Cluster

Award year – July 1, 2011 to June 30, 2012

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A114166; CFDA 84.033, Federal Work-Study Program, P033A114166; CFDA 84.038, Federal Perkins Loans – Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P112333; CFDA 84.268, Federal Direct Student Loans, P268K122333; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T122333

Type of finding – Significant Deficiency and Non-Compliance

Post-baccalaureate Student Receipt of Pell Grant

The federal Pell Grant Program awards grants to help financially needy students meet the cost of their postsecondary education (Title 34, Code of Federal Regulations (CFR), Section 690.1). An institution must determine whether a student is eligible to receive a Pell grant for the period of time required to complete his or her first undergraduate baccalaureate course of study (Title 34, CFR, Section 690.6(a)). For each payment period, an institution may pay a Pell grant to an eligible student only after it determines that the student is enrolled in an eligible program as an undergraduate student (Title 34, CFR, Section 690.75 (a) (2)).

Initial Year Written:	2011
Status:	Implemented
U.S. Department of Education	

One (4 percent) of 26 post-baccalaureate students who received a Pell grant from the University of Houston (University) during the 2011-2012 award year was not eligible for that assistance. The University awarded the student a Pell grant because it did not identify and update its records regarding this student’s degree status in a timely manner. Specifically, the University did not update the student’s record in its financial aid system in a timely manner to reflect that the student had earned a bachelor’s degree in May 2011. As a result, the financial aid system did not prevent disbursement of a Pell grant to the student. This resulted in the disbursement of \$700 in Pell funds associated with award P063P112333 for which the student was not eligible.

Satisfactory Academic Progress

A student is eligible to receive Title IV, Higher Education Act Program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that satisfy the provisions of Title 34, CFR, Section 668.16(e), and, if applicable, the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)). An institution’s satisfactory academic progress (SAP) policy should include a qualitative component which consists of grades or other comparable factors that are measureable against a norm, and a quantitative component that consists of a maximum timeframe within which a student must complete his or her education (Title 34, CFR, Section 668.34).

For 1 (2 percent) of 44 students tested for whom the University was required to review SAP, the University incorrectly determined that the student had made satisfactory academic progress. This error occurred because of incorrect programming logic the University’s financial aid system used to determine whether the student had enrolled in credit hours that exceeded 150 percent of the student’s degree plan. The University’s financial aid system was programmed to identify undergraduate students who exceeded 190 hours as not meeting the University’s SAP policy, but it did not detect that the student exceeded 150 percent of the student’s specific degree plan (180 hours). As a result, the University awarded the student \$10,194 in assistance for which the student was not eligible. This issue affected the following awards:

<u>CFDA Name</u>	<u>CFDA</u>	<u>Agency</u>	<u>Award Number</u>	<u>Award Period</u>	<u>Questioned Cost</u>
Perkins Loans	84.038	U.S Department of Education	Award Number Not Applicable	July 1, 2011 to June 30, 2012	\$1,200

CFDA Name	CFDA	Agency	Award Number	Award Period	Questioned Cost
Federal Pell Grant Program	84.063	U.S Department of Education	P063P112333	July 1, 2011 to June 30, 2012	\$2,775
Federal Direct Student Loans	84.268	U.S Department of Education	P268K122333	July 1, 2011 to June 30, 2012	\$6,219

Corrective Action:

Corrective action was taken.

Reference No. 13-144

Reporting

(Prior Audit Issues 12-151, 11-151, 10-94, and 09-83)

Student Financial Assistance Cluster

Award year – July 1, 2011 to June 30, 2012

Award number – CFDA 84.063, Federal Pell Grant Program, P063P112333

Type of finding – Significant Deficiency and Non-Compliance

Institutions submit Pell origination records and disbursement records to the U.S. Department of Education’s Common Origination and Disbursement (COD) System. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student payment data within 30 calendar days after they make a payment or become aware of the need to make an adjustment to previously reported student payment data or expected student payment data (Office of Management and Budget (OMB) Compliance Supplement A-133, June 2012, Part 5, Student Financial Assistance Cluster, III.L.1.d (page 5-3-22) and Title 34, Code of Federal Regulations, Section 690.83). The disbursement amount and date in the COD System should match the disbursement date and amount in students’ accounts or the amount and date the funds were otherwise made available to students (OMB Compliance Supplement, A-133, June 2012, Part 5, Student Financial Assistance Cluster, III.N.3 (page 5-3-33)).

Initial Year Written:	2008
Status:	Implemented
U.S. Department of Education	

For 1 (2 percent) of 60 students tested, the University of Houston (University) did not report a disbursement to the COD System within 30 days of the disbursement for the Fall 2011 semester. The University reported that disbursement to the COD System 53 days after disbursement. The University initially submitted the disbursement record within the required time frame; however, the COD System rejected that disbursement record because of an inconsistency in the data. Additionally, during the Fall 2011 semester the University did not regularly review files that the COD System rejected. As a result, the University could not ensure that the U.S. Department of Education received all Pell disbursement data in a timely manner during the Fall 2011 semester.

Corrective Action:

Corrective action was taken.

Reference No. 13-145

Special Tests and Provisions – Verification

Student Financial Assistance Cluster

Award year – July 1, 2011 to June 30, 2012

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P112333; CFDA 84.0007, Federal Supplemental Educational Opportunity Grants, P007A114166; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T122333; CFDA 84.033, Federal Work-Study Program, P033A114166; and CFDA 84.268, Federal Direct Student Loans, P268K122333

Type of finding – Significant Deficiency and Non-Compliance

Making Work Pay Tax Credit

An institution shall require each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification on the basis of edits specified by the Secretary of the U.S. Department of Education to verify all of the applicable items, which include household size; number of household members who are in college; adjusted gross income; U.S. income taxes paid; and certain types of untaxed income and benefits such as Social Security benefits, child support, individual retirement account and Keogh account deductions, interest on tax-free bonds, and other untaxed income (Title 34, Code of Federal Regulations, Section 668.56).

Initial Year Written:	2012
Status:	Implemented
U.S. Department of Education	

Additionally, on March 31, 2011, the U.S. Department of Education clarified in the *2011-2012 Application and Verification Guide* section of its *Federal Student Aid Handbook*, that the Making Work Pay tax credit should be included in verification as a component of other untaxed income (*2011-2012 Application and Verification Guide*, page AVG-19).

For 11 (20 percent) of 55 students who received untaxed income, the University of Houston (University) did not verify the Making Work Pay tax credit when it verified the information on the students’ FAFSAs. Of those 11 students, 4 had errors on their FAFSAs that exceeded \$400; as a result, the University should have requested a new Institutional Student Information Record (ISIR) for those students. According to the University, those errors occurred because it did not begin verifying the Making Work Pay credit until after receiving guidance from the National Association of Student Financial Aid Administrators (NASFAA) in April 2011. The exclusion of this tax credit from the ISIRs could affect the students’ expected family contribution and increases the risk that students could be overawarded Title IV assistance.

Verification Policies and Procedures

Policies and procedures for verification must include: (1) the time period within which an applicant shall provide the documentation; (2) the consequences of an applicant’s failure to provide required documentation within the specified time period; (3) the method by which the institution notifies an applicant of the results of verification if, as a result of verification, the applicant’s expected family contribution (EFC) changes and results in a change in the applicant’s award or loan; (4) the procedures the institution requires an applicant to follow to correct application information determined to be in error; and (5) the procedures for making referrals under Title 34, Code of Federal Regulations, Section 668.16. The procedures must provide that the institution shall furnish, in a timely manner, to each applicant selected for verification a clear explanation of (1) the documentation needed to satisfy the verification requirements and (2) the applicant’s responsibilities with respect to the verification of application information, including the deadlines for completing required actions and the consequences of failing to complete any required action (Title 34, Code of Federal Regulations, Section 668.53).

The University’s policies and procedures for the verification process did not include three of the seven requirements. Specifically, the University’s verification policies and procedures did not include:

- The period within which applicants selected for verification are required to provide the documentation.
- The methods by which the University notifies applicants of the results of verification if it identifies changes in the applicant’s EFC or award or loan amounts.
- The procedures for making referrals under Title 34, Code of Federal Regulations, Sec. 668.16.

While the University's revised verification policies and procedures for the 2011- 2012 award year were reviewed and approved by management, that review was not sufficient to detect that certain required elements were not included.

Having inadequate policies and procedures increases the risk that the University may not perform verification in accordance with federal requirements.

Corrective Action:

Corrective action was taken.

Reference No. 13-146

Special Tests and Provisions – Return of Title IV Funds

(Prior Audit Issues 12-152, 11-153, 10-97, and 09-86)

Student Financial Assistance Cluster

Award year – July 1, 2011 to June 30, 2012

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P112333; CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A114166; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T122333; CFDA 84.033, Federal Work-Study Program, P033A114166; and CFDA 84.268, Federal Direct Student Loans, P268K122333

Type of finding – Significant Deficiency and Non-Compliance

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV assistance the student earned as of the student's withdrawal date (Title 34, Code of Federal Regulations, Section 668.22(a)(1)). If the total amount of Title IV assistance the student earned is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is more than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (Title 34, Code of Federal Regulations, Section 668.22(a)).

Initial Year Written: 2008
 Status: Partially Implemented

 U.S. Department of Education

An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the payment period or period of enrollment (Title 34, Code of Federal Regulations, Section 668.22(j)(2)).

When a recipient of Title IV grant or loan assistance does not begin attendance at an institution during a payment period or period of enrollment, all disbursed Title IV grant and loan funds must be returned. The institution must determine which Title IV funds it must return, and it must determine which funds were disbursed directly to a student. For funds that were disbursed directly to the student, the institution must notify the lender or the Secretary of the U.S. Department of Education that the student did not begin attendance so that the Secretary can issue a final demand letter (Title 34, Code of Federal Regulations, Section 668.21). The institution must return those Title IV funds as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance (Title 34, Code of Federal Regulations, Section 668.21(b)).

For 27 (69 percent) of the 39 students tested who unofficially withdrew, the University of Houston (University) did not determine the withdrawal dates within the required 30-day time frame. Specifically:

- For 24 students with unofficial Fall semester withdrawals, the University's determination of the withdrawal date was 31 days after the end of the semester. The University's procedures to identify unofficial withdrawals require students who received all Fs in a semester to complete a proof of course completion form providing evidence that they had attended at least one class. However, to determine the withdrawal dates the University

incorrectly used the date on which it ran the query to identify students who received all Fs (instead of the date on which it actually determined that the students had withdrawn or never attended).

- For two students with unofficial Fall semester withdrawals, the University determined the withdrawal dates for the students 115 days and 156 days after the end of the period of enrollment. Those errors resulted from an error in the University’s January 2012 query to identify students who received all Fs for the Fall semester. The University identified the error in March 2012, more than 30 days after the end of the Fall semester. Based on a discussion with management, the error resulted in an additional 43 students whose withdrawal dates were identified more than 30 days after the end of the Fall semester. Additionally, the University granted one of the two students an extension to the deadline for submission of acceptable proof of course completion documentation.
- For one student with an unofficial Spring semester withdrawal, the University’s determination of the withdrawal date occurred 90 days after the end of the period of enrollment. The University identified the student in the query it ran in May 2012; however, the University did not request proof of course completion from the student until August 2012.

When the University does not identify unofficial withdrawals within the required time frame, this increases the risk that it will not return unearned funds to the U.S. Department of Education in a timely manner.

Corrective Action:

This finding was reissued as current year reference number: 2013-164.

Reference No. 13-147

Special Tests and Provisions – Enrollment Reporting

(Prior Audit Issues 12-153, 11-154, 10-98, 09-87, 08-74, and 07-58)

Student Financial Assistance Cluster

Award year – July 1, 2011 to June 30, 2012

Award number – CFDA 84.268, Federal Direct Student Loans, P268K122333

Type of finding – Significant Deficiency and Non-Compliance

Unless an institution expects to submit its next student status confirmation report to the Secretary of the U.S. Department of Education or the guaranty agency within the next 60 days, it must notify the guaranty agency or lender within 30 days if it discovers that a Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations, Sections 685.309(b) and 682.610(c)).

Initial Year Written:	2006
Status:	Partially Implemented
U.S. Department of Education	

The University of Houston (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to the National Student Loan Data System (NSLDS). Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to the respective lenders and guarantors. Additionally, NSC completes the roster file on the University’s behalf and communicates status changes to NSLDS as applicable. Although the University uses the services of NSC, it is still ultimately the University’s responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, Chapter 1).

Additionally, the *NSLDS Enrollment Reporting Guide* specifies that, in the case of a student who completes a term and does not return for the next term, the institution should report the final day of the term in which the student was last enrolled as the status change date (*NSLDS Enrollment Reporting Guide*, Appendix A-3).

For 8 (13 percent) of 60 student status changes tested, the University did not report the change to NSLDS in an accurate or timely manner. Specifically:

- One student officially withdrew from the University for medical reasons in December 2011 with an effective withdrawal date of October 11, 2011. However, because the registrar’s office did not process the student’s medical withdrawal until January 2012, which was after the end of the Fall term, the University’s automated process to report status changes did not capture the medical withdrawal date recorded in the financial aid system. Instead, in February 2012, the University incorrectly reported the student’s withdrawal date as the last day of the Fall term. In May 2012, the University corrected the effective date of the withdrawal manually. However, that manual correction was overwritten by the University’s automated process to report status changes in June 2012, when the University again reported the student’s withdrawal date as the last day of the Fall term.
- For three students who completed the Fall 2011 term and subsequently canceled their Spring 2012 enrollment after they were placed on academic suspension, the University incorrectly reported the withdrawal date. Although the University initially reported the final day of the Fall term as the withdrawal date, it subsequently reported the date on which the academic suspension process ran in the financial aid system as the withdrawal date because that was the withdrawal date recorded in the financial aid system.
- For four students who unofficially withdrew in the Spring 2012 term, the University reported incorrect withdrawal dates to NSC. All four students earned all non-passing grades in the Spring and did not provide evidence that they attended during the term. As a result, in June 2012, financial aid staff determined that those students had never attended the Spring 2012 term and returned all Title IV assistance as required. In August 2012, the financial aid office manually reported the four students as withdrawn to NSLDS using the first day of the Spring 2012 term as the withdrawal date instead of the final day of the Fall 2011 term as required. The University asserted that this error occurred because staff were unaware of the requirement to report the final day of the term in which the student was last enrolled. (In addition, for one student, the financial aid office manually reported the student’s withdrawal three days late.) The registrar’s office subsequently ran its automated process for reporting student status changes to NSC; that process overrode the manual updates for three of the four students: the automated process incorrectly reported two students with withdrawal dates at the end of the Spring 2012 term and it incorrectly reported the other student as full-time. Those errors occurred because the University does not have a process to ensure that financial aid staff and the registrar’s office coordinate on enrollment reporting, including communicating unofficial withdrawals to the registrar.

Not reporting student status changes accurately and within the required time frame could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government’s payment of interest subsidies.

Corrective Action:

This finding was reissued as current year reference number: 2013-165.

Reference No. 13-148

Special Tests and Provisions – Borrower Data Transmission and Reconciliation (Direct Loan)

(Prior Audit Issues 12-154 and 11-155)

Student Financial Assistance Cluster

Award year – July 1, 2011 to June 30, 2012

Award number – CFDA 84.268, Federal Direct Student Loans, P268K122333

Type of finding – Significant Deficiency and Non-Compliance

Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) via the Common Origination and Disbursement (COD) System within 30 days of disbursement (Office of Management and Budget No. 1845-0021). Each month, the COD System provides institutions with a School Account Statement (SAS) data file, which consists of a cash summary, cash detail, and (optional at the request of the

Initial Year Written: 2010
 Status: Partially Implemented

 U.S. Department of Education

institution) loan detail records. The institution is required to reconcile these files to its financial records on a monthly basis. Because up to three Direct Loan program years may be open at any given time, institutions may receive three SAS data files each month (Title 34, Code of Federal Regulations, Section 685.102(b), and *Direct Loans School Guide*, Chapter 6, Reconciliation).

For 1 (2 percent) of 60 students tested, the University of Houston (University) did not report a disbursement to the COD System within 30 days of the disbursement. While the University originally reported the disbursement within 30 days, the COD system rejected it and the University’s financial aid system placed it on hold. The University did not review its *Loan on Hold* report regularly and, as a result, it did not identify the error promptly. The University later adjusted the award amount and reported the disbursement again to the COD System 156 days after the disbursement. As a result, the U.S. Department of Education did not receive Direct Loan disbursement data for the student associated with that disbursement in a timely manner.

While the University has developed and implemented procedures to reconcile its detailed financial aid disbursement records to the SAS files it receives each month, it did not document the reconciliations it performed during the award year for disbursement records. The University uses an automated process to reconcile the SAS files to the University’s financial aid system. While the reconciliation produces a report that the University asserts it reviews, the University did not document that review. Additionally, the reconciliation does not include a review of the cash detail or cash summary records as required by the *Direct Loan School Guide*, Chapter 6, Reconciliation, pages 6-71 through 6-76.

Not documenting reconciliations increases the risk that the reconciliations will not be performed and that inaccurate and incomplete Direct Loan disbursement data could be reported to the DLSS. That could result in the University being required to make repayments.

Corrective Action:

This finding was reissued as current year reference number: 2013-166.

Reference No. 13-149

**Activities Allowed or Unallowed
Allowable Costs/Cost Principles
Procurement and Suspension and Debarment**

**Research and Development Cluster
Award year – Multiple
Award number – Multiple
Type of finding – Significant Deficiency**

Segregation of Duties

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

Initial Year Written:	2012
Status:	Implemented
Federal Agencies that Provide R&D Awards	

The University of Houston (University) uses its financial management system to initiate and approve purchase requisitions and purchase vouchers. **The University does not have adequate segregation of duties for the initiation and approval of purchase requisitions, purchase vouchers, and journal entries.** Specifically, user access rights associated with the final approval role in the University’s financial management system include the privilege to initiate and approve purchase requisitions, purchase vouchers, and journal entries. The University asserted that this is a limitation of its software.

As a result of the issue discussed above, auditors identified instances in which the same individual initiated and approved purchase requisitions, purchase vouchers, and journal entries. The lack of segregation of duties between initiating and approving transactions increases the risk that unallowable costs could be charged to federal awards.

Approval of Transfers

The University did not obtain the appropriate approvals for 7 (21 percent) of 34 cost transfers tested. The University's policy requires all non-payroll expenditure reallocations to be approved by the Office of Contracts and Grants before they are processed in its financial system. The seven cost transfers were processed without obtaining the required approval of the Office of Contracts and Grants.

Not ensuring that the Office of Contracts and Grants approves cost transfers increases the risk that unallowable costs could be charged to federal awards.

Corrective Action:

Corrective action was taken.

University of Houston – Downtown

Reference No. 11-158

Eligibility

Student Financial Assistance Cluster

Award year – July 1, 2009 through June 30, 2010

Award numbers – CFDA 84.032 Award Number Not Applicable, CFDA 84.007 P007A094118, CFDA 84.033 P033A094118, CFDA 84.063 P063P20092306, CFDA 84.375 P375A20092306, and CFDA 84.376 P376S20092306

Type of finding – Significant Deficiency

Cost of Attendance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student’s cost of attendance (COA) minus the expected family contribution (EFC). The phrase “cost of attendance” refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” Institutions also may include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 10871l).

Initial Year Written:	2010
Status:	Partially Implemented
U.S. Department of Education	

The University of Houston – Downtown's (University) written COA budget does not detail adjustments necessary to determine tuition and fees for part-time students in the Fall and Spring semesters. Furthermore, the University was not able to provide documentation of how it calculated adjustments it made in PowerFAIDS to part-time students’ tuition and fees during packaging of student financial assistance. According to University personnel, the part-time budget adjustments within PowerFAIDS were based on tuition and fees from the 2008-2009 award year because information on 2009-2010 tuition and fees was not available at the time the University programmed PowerFAIDS. Because support for tuition and fees adjustments was not available and the written budget did not provide sufficient detail for part-time students, University personnel cannot be assured that PowerFAIDS budget adjustments for part-time students accurately reflect tuition and fees normally assessed part-time students.

Recommendation:

The University should ensure the COA budgets within the financial aid application contain sufficient detail to verify COA for part-time students.

Management Response and Corrective Action Plan 2010:

To help ensure that the COA budgets within the financial aid application contain sufficient detail to verify COA for part-time students we will prepare a supporting spreadsheet for undergraduate students: full time (12 or more hours), three quarter time (9-11 hours), half-time time (6-8 hours), and less than half-time (less than 6 hours) and for graduate students: full time (9 or more hours), three quarter (7-8 hours) and half-time (5-6 hours) students. The University’s official Tuition and Fee schedule will be maintained as an attachment.

Management Response and Corrective Action Plan 2011:

A budget spreadsheet was created to clearly display student budgets per hours registered.

Management Response and Corrective Action Plan 2012:

- 1. Spreadsheet has been created to clearly display student budgets per hours registered.*

2. *This process in Banner Financial Aid is a manual process and not automated with the implementation of Banner Financial aid as expected (enhancement to come with next Banner upgrade). FAO has developed procedures to manually update the Cost of Attendance items for students not enrolled full-time.*

Management Response and Corrective Action Plan 2013:

1. *A spreadsheet has been created to clearly display student cost of attendance budgets per hours registered.*
2. *This process in Banner Financial Aid is a manual process and not automated with the implementation of Banner Financial aid as expected. FAO has developed procedures to manually update the Cost of Attendance items for students not enrolled full-time. The Director of Financial Aid will generate a list once a month for counselors to review and adjust cost of attendance budgets for students not enrolled full-time.*
3. *The Period Algorithmic Budgeting process was included as an enhancement with the last Banner Financial Aid system upgrade performed September 28, 2013. The Period Algorithmic Budgeting allows budgeting by term using the students' enrollment hours, allowing students to have a budget constructed with components and amounts that are specific to each students' terms. UHD FAO has been testing the Period Algorithmic Budgeting process and expects final implementation during February 2014.*

Implementation Date: February 2014

Responsible Person: LaTasha Goudeau

Reference No. 11-159

Special Tests and Provisions – Disbursements To or On Behalf of Students

Student Financial Assistance Cluster

Award year – July 1, 2009 to June 30, 2010

Award numbers – CFDA 84.032 Award Number Not Applicable, CFDA 84.007 P007A094118, CFDA 84.033 P033A094118, CFDA 84.063 P063P20092306, CFDA 84.375 P375A20092306, and CFDA 84.376 P376S20092306

Type of finding – Significant Deficiency and Non-Compliance

Financial Assistance History

If a student transfers from one institution to another institution during the same award year, the institution to which the student transfers must request from the Secretary of the U.S. Department of Education, through the National Student Loan Data System (NSLDS), updated information about that student so it can make certain eligibility determinations. The institution may not make a disbursement to that student for seven days following its request, unless it receives the information from NSLDS in response to its request or obtains that information directly by accessing NSLDS, and the information it receives allows it to make that disbursement (Title 34, Code of Federal Regulations, Section 668.19).

Initial Year Written:	2010
Status:	Implemented
U.S. Department of Education	

For all three mid-year transfer students tested, the University could not provide evidence of financial assistance history review prior to disbursing financial aid. The University does not have a policy or procedure to ensure it verifies and documents financial assistance history of mid-year transfer students prior to aid disbursement. As a result, the University may award funds in excess of federal limits to a student who received financial assistance at another institution at the start of the award year.

Corrective Action:

Corrective action was taken.

University of North Texas

Reference No. 13-150

Eligibility

(Prior Audit Issue 12-155)

Student Financial Assistance Cluster

Award year – July 1, 2011 to June 30, 2012

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A114085; CFDA 84.033, Federal Work-Study Program, P033A114085; CFDA 84.038, Federal Perkins Loan-Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P112293; CFDA 84.268, Federal Direct Student Loans, P268K122293; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T122293

Type of finding – Significant Deficiency and Non-Compliance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student’s cost of attendance (COA) minus the expected family contribution (EFC) (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087kk). The phrase “cost of attendance” refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Initial Year Written:	2011
Status:	Implemented
U.S. Department of Education	

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student’s Institutional Student Information Report (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student’s financial need (Title 34, Code of Federal Regulations (CFR), Sections 668.2 and 673.5).

A full-time student is defined as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. For an undergraduate student, an institution’s minimum standard must equal or exceed 12 semester hours. A half-time student is defined as an enrolled student who is carrying a half-time academic workload, as determined by the institution, which amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student (Title 34, CFR, Section 668.2).

During the Fall 2011 term, the University of North Texas (University) used full-time budgets to determine COA for all students receiving financial assistance who applied for Title IV assistance prior to the Fall 2011 census date, regardless of each student’s actual or anticipated enrollment. As a result, for 7 (12 percent) of 60 students tested, the University incorrectly calculated the students’ COA for the Fall 2011 semester. However, based on those students’ actual enrollment information, those seven errors did not result in overawards of Title IV assistance. Although those errors did not result in overawards, using a full-time COA budget to estimate COA for students who attend less than full-time increases the risk of overawarding financial assistance.

The University revised its process to begin surveying some students to determine their anticipated enrollment and manually adjust COA for those students, when necessary, for the Spring 2012 semester. However, it surveyed only students who were originally budgeted at full-time in Fall 2011 and did not enroll in sufficient hours to be classified as a full-time student in Fall 2011. That approach increases the risk of awarding financial assistance that exceeds financial need because not all students received the University’s survey. The University further revised that process for the Summer 2012 term.

In addition, for 1 (2 percent) of 60 students tested, the University incorrectly overawarded the student \$8,776 in Direct Loans associated with award P268K122293 as part of the student’s Spring 2012 assistance. The University originally calculated that student’s COA based on full-time enrollment for the Fall 2011 and Spring 2012 semesters. However, the student did not attend during Fall 2011 and attended three-quarter time during Spring

2012. The University asserted that this error occurred because it did not correctly adjust the student's assistance when the student was listed on an automated exception report that indicated a potential overaward resulting from the student's Spring-only enrollment.

Corrective Action:

Corrective action was taken.

Reference No. 13-151

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

Research and Development Cluster

Award years – October 1, 2007 to September 30, 2012 and October 1, 2008 to September 30, 2013

**Award numbers – CFDA 84.217, TRIO_McNair Post-Baccalaureate Achievement, P217A070021 and CFDA 47.076,
Education and Human Resources, 0833706**

Type of finding – Significant Deficiency and Non-Compliance

Allowable costs charged to federal programs must (1) be reasonable; (2) be allocable to sponsored agreements; (3) be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances; and (4) conform to any limitations or exclusions set forth in cost principles or in the sponsored agreement as to types or amounts of cost items (Title 2, Code of Federal Regulations, Section 220, Appendix A, C.2).

Initial Year Written: 2012
Status: Partially Implemented

U.S. Department of Education
National Science Foundation

One (1 percent) of 70 direct cost transactions tested at the University of North Texas (University) was unallowable. The University reimbursed \$19 in gratuity charges as part of a travel reimbursement. When the University reviewed and approved that travel reimbursement request, it charged the total amount of the travel expenses, including the gratuity, to the federal award. However, the gratuity portion of the expenses should have been charged to an institutional account. At the time of the audit, the University transferred the cost of the gratuity to an institutional account and reduced a subsequent federal reimbursement request by the amount of the gratuity.

For 1 (1 percent) of 70 direct cost transactions tested, the University incorrectly calculated the amount of the federal expenditure. The University miscalculated a partial month's salary payment, resulting in an underpayment to an employee of \$32. At the time the University incurred that expenditure, its payroll office manually calculated the partial payment amount with no separate review of that process. After auditors identified this error, the University corrected the error and paid the employee the correct amount.

Without proper review and approval, there is a risk that the University could charge unallowable and incorrect expenditures to federal grants.

Recommendation:

The University should establish and implement procedures to ensure that it does not charge unallowable or incorrect costs to federal awards.

Management Response and Corrective Action Plan 2012:

The UNT Business Service Center (BSC) agrees. The BSC has corrected the travel reimbursement and the payroll underpayment. The BSC has established business practices to address the recommendation, which include:

- *Provided additional training to Travel staff regarding unallowable expenses on federal funds.*

- Will participate in ongoing collaboration with the UNT Office of Research Services to enhance the audit process of travel expenditures to avoid unallowable charges to federal funds.
- ERP (PeopleSoft) system now calculates partial months using an annualized hourly rate of pay (2,080 hours). The manual calculation is no longer necessary.

2013 Update:

The University has implemented a process to calculate partial month salary payments. Auditors tested a sample of payroll transactions and determined that each transaction was allowable and calculated correctly. However, 1 of 15 travel expenditures tested was unallowable. The University reimbursed gratuity charges as part of a travel reimbursement.

Management Response and Corrective Action Plan 2013:

The UNT Office of Research Services has a written procedure and training in place covering unallowable expenditures on federal awards, including tips. The employee that approved the travel reimbursement that included the \$19 was already aware of the procedure, but didn't detect the unallowable charge during his regular review. The issue has been discussed with the employee, and will be reinforced further with all employees.

Also, effective immediately, the UNT System Business Service Center (central accounts payable are for all UNT agencies) will begin a 100% pre-payment audit on all federal grant travel vouchers, to help ensure that unallowable charges, including tips, are detected prior to payment.

At the time the error was detected, the UNT Office of Research Services transferred the cost of the \$19 tip to an institutional account and reduced a subsequent federal reimbursement request by the amount of the tip.

Implementation Date: December 5, 2013

Responsible Persons: Britt Krhovjak and Debbie Reynolds

Reference No. 13-152

Procurement and Suspension and Debarment

Research and Development Cluster

Award years – June 1, 2012 to May 31, 2016; August 15, 2011 to January 14, 2013; September 1, 2011 to August 31, 2012; and September 18, 2008 to November 18, 2014

Award numbers – CFDA 47.074, Biological Sciences, IOS-1146758; CFDA 12.300, Basic and Applied Scientific Research, HQ0034-11-C-0039; CFDA 12.431, Basic Scientific Research, W911NF-11-1-0402; and CFDA 12.800, Air Force Defense Research Sciences Program, FA8650-08-C-5226 (P00002)

Type of finding – Significant Deficiency and Non-Compliance

Federal rules require that, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Title 2, Code of Federal Regulations, Section 180.300). Covered transactions include procurement contracts for goods and services that are expected to equal or exceed \$25,000 and all nonprocurement transactions (that is, subawards to subrecipients) irrespective of award amount (Title 2, Code of Federal Regulations, Sections 180.210 through 180.220 and 180.970).

Initial Year Written:	2012
Status:	Partially Implemented
National Science Foundation U.S. Department of Defense	

The University of North Texas (University) did not ensure that vendors associated with 4 (40 percent) of 10 procurements tested that exceeded \$25,000 were not suspended or debarred. For limited competition procurements, the University's process is to verify that vendors are not suspended or debarred by checking the

EPLS. However, for those four limited competition procurements, the University did not maintain evidence that it verified that the vendors were not suspended or debarred. Auditors reviewed the EPLS and verified that the vendors were not suspended or debarred.

Not verifying vendors' suspension and debarment status could result in contracting with vendors that are not eligible to receive federal funds.

Recommendation:

The University should document its vendor suspension and debarment verifications for all procurements of at least \$25,000.

Management Response and Corrective Action Plan 2012:

The UNT System Business Service Center (BSC) agrees. The BSC has established business practices to address the recommendation, which include:

- *Added a clause/condition to the UNT System Purchase Order Terms and Conditions on October 26, 2012.*
- *Provided additional training to Purchasing staff on EPLS Search and documentation requirements on January 16, 2013.*
- *Created a procedure to ensure all procurements of at least \$25,000 are documented appropriately and are audited by management daily on January 22, 2013.*

Management Response and Corrective Action Plan 2013:

All Business Service Center Purchasing staff will be re-educated on the EPLS requirements and the need to maintain verification documentation. Purchasing Director/Manager will continue to audit for compliance on a daily basis.

Implementation Date: December 16, 2013

Responsible Persons: Debbie Reynolds, Carolyn Cross, and Tina Koenig

Reference No. 13-153

Special Tests and Provisions – R3 – Subrecipient Monitoring

Research and Development Cluster – ARRA

Award year – June 1, 2009 to May 31, 2012

Award number – CFDA 47.082, Trans-NSF Recovery Act Research Support, OISE-0854350

Type of finding – Significant Deficiency and Non-Compliance

The American Recovery and Reinvestment Act (Recovery Act) of 2009 required recipients to (1) agree to maintain records that identify adequately the source and application of Recovery Act awards; (2) separately identify to each subrecipient, and document at the time of subaward and at the disbursement of funds, the federal award number, Catalog of Federal Domestic Assistance (CFDA) number, and the amount of Recovery Act funds; and (3) require their subrecipients to include on their Schedule of Expenditures of Federal Awards (SEFA) information to specifically identify Recovery Act funding (Title 2, Code of Federal Regulations, Section 176.210).

The University of North Texas (University) did not send the required notification of Recovery Act information at the time of disbursement of funds to its one Recovery Act subrecipient. The University did not have a process to ensure that it sent that notification at the time of disbursement. Without receiving a notification at the proper time, subrecipients could report inaccurate Recovery Act expenditures.

Initial Year Written:	2012
Status:	No Longer Valid
National Science Foundation	

Corrective Action:

The University has fully expended all subawards made under Recovery Act funding; therefore, this finding is no longer valid.

University of Texas at Arlington

Reference No. 13-154

Eligibility

Special Tests and Provisions – Institutional Eligibility

(Prior Year Audit Issue 12-156)

Student Financial Assistance Cluster

Award year – July 1, 2011 to June 30, 2012

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P112335; CFDA 84.268, Federal Direct Student Loans, P268K122335; CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A114172; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T122335; CFDA 84.033, Federal Work-Study Program, P033A114172; CFDA 93.264, Nurse Faculty Loan Program, E01HP12986; CFDA 93.925, Scholarships for Health Professions Students from Disadvantaged Backgrounds, T08HP18579; CFDA 93.407, ARRA – Scholarships for Disadvantaged Students, T0AHP18297; and CFDA 84.038, Federal Perkins Loan – Federal Capital Contributions, Award Number Not Applicable

Type of finding – Significant Deficiency and Non-Compliance

Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student’s cost of attendance (COA) minus the expected family contribution (EFC) (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087kk). The phrase “cost of attendance” refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

Initial Year Written:	2011
Status:	Partially Implemented
U.S. Department of Education U.S. Department of Health and Human Services	

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student’s Institutional Student Information Record (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student’s financial need (Title 34, Code of Federal Regulations (CFR), Sections 668.2 and 673.5).

A full-time student is defined as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. For an undergraduate student, an institution’s minimum standard must equal or exceed 12 semester hours. A half-time student is defined as an enrolled student who is carrying a half-time academic workload, as determined by the institution, which amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student (Title 34, CFR, Section 668.2).

For 12 (20 percent) of 60 students tested, the University of Texas at Arlington (University) incorrectly calculated COA. Specifically:

- For seven of those students, the University incorrectly calculated COA because it used full-time budgets to determine the COA for all students receiving assistance in the Summer 2011 and Fall 2011 semesters, regardless of each student’s actual or expected enrollment. The University awarded one of those students Title IV assistance that exceeded his financial need, which resulted in an overaward of \$1,344 in Direct Subsidized Loans associated with award P268K122335.
- For the other five students, the University incorrectly calculated COA because it calculated COA for Summer 2011 graduate students using undergraduate room and board budgets.

In addition, for 1 (2 percent) of 60 students tested, the University did not adjust the award amount for a student after it appropriately adjusted that student’s COA. The University originally calculated that student’s

COA at a full-time status, and it later updated that COA to reflect three-quarter-time enrollment. However, when it made that adjustment in accordance with its policy for determining COA, it did not adjust the student's award. That resulted in an overaward of \$1,859 in Direct Unsubsidized Loans associated with award P268K122335.

Pell Grant Awards

For the federal Pell Grant program, institutions use the payment and disbursement schedules provided each year by the U.S. Department of Education for determining award amounts (Title 34, CFR, Section 690.62). Those schedules provide the maximum annual amount a student would receive for a full academic year for a given enrollment status, EFC, and COA. There are separate schedules for three-quarter-time, half-time, and less-than-half-time students (2011-2012 *Federal Student Aid Handbook*, Volume 3, Chapter 3). Additionally, a student's eligibility for a Pell Grant must first be determined and considered before the student is awarded other assistance such as Direct Subsidized or Direct Unsubsidized loans (Title 34, CFR, Section 685.200).

In selecting students for the federal Pell Grant Program, an institution must determine whether a student is eligible to receive a federal Pell Grant for the period of time required to complete his or her first undergraduate baccalaureate course of study (Title 34, CFR, Section 690.6(a)). For each payment period, an institution may pay a federal Pell Grant to an eligible student only after it determines that the student is enrolled in an eligible program as an undergraduate student (Title 34, CFR, Section 690.75(a)).

For 1 (3 percent) of 38 Pell Grant recipients tested, the University incorrectly calculated and awarded a Pell Grant. That error occurred because the University made a manual error while calculating the student's Pell grant amount, which resulted in an overaward of \$63 in Pell grant funds. After auditors brought this issue to its attention, the University provided evidence that it corrected that error.

In addition, the University disbursed \$10,513 in Pell Grants to four students who had previously obtained an undergraduate degree. That error occurred because the students did not indicate on their ISIRs that they had already graduated. After auditors brought this issue to its attention, the University provided evidence that it corrected those errors.

Satisfactory Academic Progress

A student is eligible to receive Title IV Higher Education Act Program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory academic progress that meet the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)).

An institution's satisfactory academic progress (SAP) policy should specify the grade point average (GPA) that a student must achieve at each evaluation or, if GPA is not an appropriate qualitative measure, a comparable assessment measured against a norm. The SAP policy also should specify the pace at which a student must progress through his or her educational program to ensure that the student will complete the program within the program's maximum time frame, and it should specify how a student's GPA and pace of completion are affected by incompletes, withdrawals, repetitions of courses, and transfers of credits from other institutions. For an undergraduate program measured in credit hours, the maximum time frame for a student to complete the program is no longer than 150 percent of the published length of that program (Title 34, CFR, Section 668.34).

The University's SAP policy does not comply with all federal requirements. Specifically, the policy does not explain how transfer credits affect a student's pace of completion and it also does not restrict the maximum number of hours allowed to 150 percent of the published length of the programs for some programs. The SAP policy establishes a maximum time frame of 186 hours for undergraduate students; however, the University offers programs that require fewer than 124 credit hours. That issue increases the risk that the University could award assistance to students who may not have made satisfactory academic progress and, therefore, may not be eligible for that assistance.

The University established guidelines in its student financial aid system that are inconsistent with its SAP policy; therefore, its student financial aid system does not ensure that the University will correctly identify some students who may not comply with its SAP policy. While the SAP policy states that students working toward a master's degree can attempt a maximum of 54 hours and post-baccalaureate students can attempt a

maximum of 45 hours, the University established limits in its student financial aid system of between 60 and 100 hours for students working toward a master’s degree and 175 hours for post-baccalaureate students. Additionally, while the University’s SAP policy states that repeated and remedial coursework should be included in the student’s GPA calculation, the GPA calculation in the University’s student financial aid system does not include that coursework. Those issues increase the risk that the University could award financial assistance to students who do not comply with its SAP policy.

Correction Action:

This finding will be reissued as current year reference number: 2013-170.

Reference No. 13-155

Special Tests and Provisions – Verification

(Prior Audit Issue 12-158)

Student Financial Assistance Cluster

Award year – July 1, 2011 to June 30, 2012

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P112335; CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A114172; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants (TEACH Grants), P379T122335; CFDA 84.033, Federal Work-Study Program, P033A114172; CFDA 84.268, Federal Direct Student Loans (Direct Loan), P268K122335; and CFDA 93.264, Nurse Faculty Loan Program, E01HP12986

Type of finding – Significant Deficiency and Non-Compliance

An institution shall require each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification on the basis of edits specified by the Secretary of the U.S. Department of Education to verify all of the applicable items, which include household size; number of household members who are in college; adjusted gross income (AGI); U.S. income taxes paid; and certain types of untaxed income and benefits such as Social Security benefits, child support, individual retirement account and Keogh account deductions, interest on tax-free bonds, and other untaxed income (Title 34, Code of Federal Regulations (CFR), Section 668.56). When the verification of a student’s eligibility results in identifying an error in the non-dollar items (such as household size) used to calculate the student’s expected family contribution, or in a total difference of more than \$400 from the student’s original FAFSA, the institution must submit a correction and recalculate the expected family contribution based on the student’s new information to determine whether an adjustment to Title IV assistance is required (Title 34, CFR, Section 668.59).

Initial Year Written: 2011
 Status: Partially Implemented

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

Additionally, on March 31, 2011, the U.S. Department of Education clarified in the *2011-2012 Application and Verification Guide* section of its *Federal Student Aid Handbook*, that the Making Work Pay tax credit should be included in verification as a component of other untaxed income (*2011-2012 Application and Verification Guide*, page AVG-19).

For 2 (3 percent) of 60 students tested, the University of Texas at Arlington (University) did not accurately verify the number of household members enrolled in college. As a result, the University did not request new Institutional Student Information Records (ISIRs) for those students at the time of verification. For one student, the University determined that one household member was enrolled in college when the supporting documentation indicated that two household members were enrolled in college. Based on information the University provided, that resulted in an underaward of \$1,275 in Pell grants. However, the University corrected that underaward after auditors brought this issue to its attention. For the other student, the University determined that two household members were enrolled in college when the supporting documentation indicated that one household member was enrolled in college. Based on information the University provided, that did not affect the amount of assistance awarded.

According to University personnel, those errors were due to manual errors made during the verification process.

Additionally, for 17 (28 percent) of 60 students who received untaxed income, the University did not accurately verify the amount of other untaxed income, including the Making Work Pay tax credit, when it verified the students' FAFSAs. Nine of those 17 students had errors on their FAFSAs that exceeded \$400; as a result, the University should have requested (but did not request) new ISIRs for those students. Those errors occurred because the University did not consistently verify the Making Work Pay tax credit when it initially completed verifications for the 2011-2012 award year in March 2011 and April 2011. Based on information the University provided, those errors resulted in an overaward of \$800 in Pell grant funds associated with award P063P112335. However, the University corrected those overawards after auditors brought this issue to its attention. Additionally, for one of those students, the University did not accurately verify the amount of child support received in untaxed income. Based on information the University provided, that error resulted in an underaward of \$200 in Pell grant funds associated with award P063P112335. However, the University corrected that underaward after auditors brought this issue to its attention.

Correction Action:

This finding will be reissued as current year reference number: 2013-171.

Reference No. 13-156

Special Tests and Provisions – Return of Title IV Funds

(Prior Audit Issues 12-160 and 10-112)

Student Financial Assistance Cluster

Award year – July 1, 2011 to June 30, 2012

Award numbers – CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A114172; CFDA 84.038, Federal Perkins Loan – Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P112335; CFDA 84.268, Federal Direct Student Loans, P268K122335; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T122335

Type of finding – Material Weakness and Material Non-Compliance

Calculation and Return of Title IV Assistance

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV assistance earned by the student as of the student's withdrawal date (Title 34, Code of Federal Regulations (CFR), Section 668.22(a)(1)). If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is more than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (Title 34, CFR, Section 668.22(a)(4-5)).

Initial Year Written: 2009
 Status: Partially Implemented
 U.S. Department of Education

The amount of earned Title IV grant or loan assistance is calculated by (1) determining the percentage of Title IV grant or loan assistance that the student has earned and (2) applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student for the payment period or period of enrollment as of the student's withdrawal date. A student earns 100 percent if his or her withdrawal date is after the completion of 60 percent of the payment period. The unearned amount of Title IV assistance to be returned is calculated by subtracting the amount of Title IV assistance the student earned from the amount of Title IV assistance that was disbursed to the student as of the date of the institution's determination that the student withdrew (Title 34, CFR, Section 668.22(e)).

The total number of calendar days in a payment period or period of enrollment includes all days within the period that the student was scheduled to complete, except that scheduled breaks of at least five consecutive days are

excluded from the total number of calendar days in a payment period or period of enrollment and the number of calendar days completed in that period (Title 34, CFR, Section 668.22(f)(2)(i)).

Within 30 days of the date that an institution determines that a student has withdrawn, it must send a notice to the student if that student owes a grant overpayment as a result of the student's withdrawal from the institution in order to recover the overpayment (Title 34, CFR, Section 668.22(h)(4)(ii)). A student who owes an overpayment under this section remains eligible for Title IV assistance through and beyond the earlier of 45 days from the date the institution sends a notification to the student of the overpayment, or 45 days from the date the institution was required to notify the student of the overpayment if the student (1) repays the overpayment in full to the institution, (2) enters into a repayment agreement with the institution in accordance with repayment arrangements satisfactory to the institution, or (3) signs a repayment agreement with the Secretary of the U.S. Department of Education (Title 34, CFR, Section 668.22(h)(4)(i)). If the student does not meet those requirements or fails to meet the terms of the repayment agreement with the institution or with the Secretary of the U.S. Department of Education, that student is not eligible for Title IV assistance (Title 34, CFR, Section 668.22(h)(4)(iv)).

An institution must refer to the Secretary of the U.S. Department of Education, in accordance with procedures required by the Secretary of the U.S. Department of Education, an overpayment of Title IV, Higher Education Act grant funds owed by a student as a result of the student's withdrawal from the institution if (1) the student does not repay the overpayment in full to the institution, or enter a repayment agreement with the institution or the Secretary of the U.S. Department of Education within the earlier of 45 days from the date the institution sends a notification to the student of the overpayment, or 45 days from the date the institution was required to notify the student of the overpayment, (2) at any time the student fails to meet the terms of the student's repayment agreement with the institution, or (3) the student chooses to enter into a repayment agreement with the Secretary of the U.S. Department of Education (Title 34, CFR, Section 668.22(h)(4)(iv)).

For 26 (51 percent) of 51 students tested for whom the University of Texas at Arlington (University) was required to determine whether a return was required, the University did not correctly calculate the required return using its return calculation process. Specifically:

- **For 12 students who unofficially withdrew, the University did not accurately determine their withdrawal dates.** For 11 of those students, those errors occurred because the University initially noted the withdrawal dates as halfway through the semester, and it did not revise those dates in its return calculations for students who did not provide evidence that they attended during the term. Although the University initially incorrectly calculated the amount it should return, it later returned all required funds for those students when it determined that those students had not begun attendance for a term. For the remaining student, the University calculated the amount to be returned based on a date that differed from the date of the student's last attendance that was specified in supporting documentation. As a result of that error, the University returned \$3,769 in excess funds for that student.
- **For 14 students, the University did not correctly calculate the number of days in the payment period.** That occurred because (1) the University used an incorrect number of days for its spring break period when it determined the length of the period of enrollment and (2) the University incorrectly calculated the enrollment period for some students enrolled in its dynamic sessions, which vary in length. For five of those students, although the University incorrectly calculated the number of days in the payment period, it was not required to return funds for those students. For seven students, the University did not return \$763 in Direct Loan funds associated with award P268K122335. Additionally, for one of those seven students, the University did not return funds or notify the student that the student was required to return \$136 in Pell Grant funds associated with award P063P112335. The University also did not report a grant overpayment to the U.S. Department of Education as required. For the remaining two students, the University returned \$1,085 in excess funds.
- **In addition, for 2 (6 percent) of 34 students tested for whom the University correctly calculated the amount to be returned, the University did not ensure that all required grant funds were returned to the U.S. Department of Education or notify the U.S. Department of Education of grant overpayments to those students.** The University's process is to calculate the amount that both it and the student are required to return, and to return its portion of those funds. The University then notifies the student of the amount it returned, but it does not inform students of the portion they are required to return. As a result, the students did not return \$501 in Pell Grant funds associated with award P063P112335. In addition, the University did not provide evidence that it reported those grant overpayments to the U.S. Department of Education as required by Title 34, CFR, Section 668.22(h)(4)(iv). Additionally, for one of those students, the University disbursed

\$3,732 in Direct Loan funds associated with award P268K122335 more than 45 days after the date that it was required to notify the student that a return of Title IV funds was processed.

The University has not established adequate controls to ensure that it correctly calculates return amounts or that it notifies students of the amount of Title IV funds they are required to return. Specifically, auditors noted that the University manually enters some student information into the return of Title IV calculator in its PeopleSoft accounting system instead of relying on automated controls in that system. In addition, the University does not review the calculations after this data entry. This increases the risk of errors in return calculation and the risk that the University will not return the correct amount of Title IV assistance to the U.S. Department of Education.

Timeliness of Returns and Withdrawal Date Determinations

An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the payment period or period of enrollment (Title 34, CFR, Section 668.22(j)(2)). In addition, returns of Title IV funds are required to be deposited or transferred into the student financial aid account, or electronic fund transfer must be initiated to the U.S. Department of Education as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew (Title 34, CFR, Sections 668.22(j)).

For 15 (36 percent) of 42 students tested for whom the University was required to return funds, it did not return those funds within 45 days of determining those students' withdrawal dates. For 14 of those students, the University returned required funds between 68 and 353 calendar days after it determined that the students withdrew. For the remaining student, the University had not yet returned funds at the time of the audit due to errors in its calculations discussed above.

In addition, for 9 (50 percent) of 18 students tested who unofficially withdrew, the University did not determine the students' withdrawal dates within 30 days of the end of the semester. For those nine students, the University determined their Fall term withdrawal dates 220 calendar days after the end of that term. Those errors resulted from the University's manual process to identify and process returns, and from a lack of supervisory review over that process.

Unofficial Withdrawals Query

The University's query to identify students who unofficially withdrew during the 2011-2012 award year incorrectly excluded some students who may have unofficially withdrawn during the year. That occurred because the query included students who only received grades of "F"; as a result, the query excluded students with other combinations of grades that could indicate that they unofficially withdrew. For example, the University's query did not identify students who dropped some courses and received "Fs" in other courses. Based on information the University provided, the University did not determine whether it needed to return funds for 235 students who received a total of \$1,278,103 in Title IV assistance for the semesters in which they potentially withdrew during the 2011-2012 award year. Because the University did not request information or calculate returns, auditors could not determine whether the University was required to return Title IV funds for those students.

Correction Action:

This finding will be reissued as current year reference number: 2013-172.

Reference No. 13-157

Special Tests and Provisions – Borrower Data Transmission and Reconciliation (Direct Loan)

(Prior Audit Issue 12-161)

Student Financial Assistance Cluster

Award year – July 1, 2011 to June 30, 2012

Award number – CFDA 84.268, Federal Direct Student Loans, P268K122335

Type of finding – Significant Deficiency and Non-Compliance

Each month, the U.S. Department of Education’s Common Origination and Disbursement (COD) System provides institutions with a School Account Statement (SAS) data file, which consists of a cash summary, cash detail, and (optional at the request of the institution) loan detail records. The institution is required to reconcile these files to its financial records on a monthly basis. Because up to three Direct Loan program years may be open at any given time, institutions may receive three SAS data files each month (Title 34, Code of Federal Regulations, Section 685.102(b), and *Direct Loans School Guide*, Chapter 6, Reconciliation).

Initial Year Written: 2011
Status: Implemented

U.S. Department of Education

The University of Texas at Arlington (University) did not document its reconciliations of the SAS data files from the COD System with its financial records during the award year. Although the University has a policy that requires it to reconcile the monthly SAS data file with its student financial aid records, it could not provide evidence that it performed those reconciliations or that it reconciled the data files with its financial system. Not preparing accurate and timely reconciliations between SAS data files and financial records increases the risk that Direct Loan disbursement data reported to DLSS could be inaccurate and incomplete.

Correction Action:

Corrective action was taken.

Reference No. 12-162

Activities Allowed or Unallowed

Allowable Costs/Cost Principles

Cash Management

Period of Availability of Federal Funds

Procurement and Suspension and Debarment

Research and Development Cluster

Award years – September 1, 2010 to August 31, 2011 and August 15, 2008 to November 30, 2011

Award numbers – CFDA 11.611 70NANB5H1005 and 70NANB10H304, and CFDA 81.087 DE-FG36-08GO88170

Type of finding – Significant Deficiency and Non-Compliance

Direct Costs

Allowable costs charged to federal programs must (1) be reasonable; (2) be allocable to sponsored agreements; (3) be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances; and (4) conform to any limitations or exclusions set forth in cost principles or in the sponsored agreement as to types or amounts of cost items (Title 2, Code of Federal Regulations (CFR), Section 220, Appendix A, C.2). In addition, *Cost Principles for Educational Institutions* states that costs associated with contributing to organizations established for the purpose of influencing the outcomes of elections are unallowable (Title 2 CFR, Section 220, Appendix A, J.28(a)(2)).

Initial Year Written: 2011
Status: Implemented

U.S. Department of Commerce
U.S. Department of Energy

The costs of services provided by specialized service facilities operated by an institution are allowable if the costs of such services are charged directly to applicable awards based on the actual usage of the services on the basis of a schedule of rates or established methodology that (1) does not discriminate against federally supported activities of

the institution, including usage by the institution for internal purposes, and (2) is designed to recover only the aggregate costs of the services. Service rates shall be adjusted at least biennially and shall take into consideration over/under applied costs of the previous period(s) (Title 2 CFR, Section 220, Appendix A, J.47)

One (2 percent) of 66 direct cost transactions tested at the University of Texas at Arlington (University) was unallowable. The University paid \$305 for a principal investigator's membership fee in a business league. All membership contributions for the business league are used to support lobbying expenses. The University made the payment using a procurement card and, although the University reviewed the related invoice, the review process did not determine that the fee would be used for lobbying.

In addition, 2 (3 percent) of 66 direct cost transactions tested were charged to an internal service center that did not comply with requirements for internal services related to the installation of purchased equipment. The University's service center charged labor expense to the federal award. The rates for labor were not designed to recover only the cost of services to the University. After auditors identified these errors, the University transferred these costs to non-federal accounts.

Corrective Action:

Corrective action was taken.

University of Texas at Austin

Reference No. 13-158

Special Tests and Provisions – Verification

Activities Allowed or Unallowed

Cash Management

Eligibility

Period of Availability of Federal Funds

Reporting

Special Tests and Provisions – Separate Funds

Special Tests and Provisions – Disbursements To or On Behalf of Students

Special Tests and Provisions – Return of Title IV Funds

Special Tests and Provisions – Enrollment Reporting

Special Tests and Provisions – Borrower Data Transmission and Reconciliation (Direct Loan)

(Prior Audit Issues 12-167, 12-166, 12-165, and 12-164)

Student Financial Assistance Cluster

Award year – July 1, 2011 to June 30, 2012

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P112336; CFDA 84.007, Federal Supplemental Educational Opportunity Grant Program, P007A114173; CFDA 84.033, Federal Work-Study Program, P033A114173; CFDA 84.038, Federal Perkins Loan Program, P038A044173; CFDA 84.268, Federal Direct Student Loans, P268K122336; and CFDA 93.264, Nurse Faculty Loan Program, 2 E01HP12963-03-00

Type of finding – Significant Deficiency and Non-Compliance

Verification

An institution shall require each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification on the basis of edits specified by the Secretary of the U.S. Department of Education to verify all of the applicable items, which include household size; number of household members who are in college; adjusted gross income (AGI); U.S. income taxes paid; and certain types of untaxed income and benefits such as Social Security benefits, child support, individual retirement account and Keogh account deductions, interest on tax-free bonds, and other untaxed income (Title 34, Code of Federal Regulations (CFR), Section 668.56). When the verification of a student’s eligibility results in identifying an error in the non-dollar items (such as household size) used to calculate the student’s expected family contribution, or in a total difference of more than \$400 from the student’s original FAFSA, the institution must submit a correction and recalculate the expected family contribution based on the student’s new information to determine whether an adjustment to Title IV assistance is required (Title 34, CFR, Section 668.59; 2011-2012 *Application and Verification Guide*, page AVG-91).

Initial Year Written: 2011
Status: Partially Implemented

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

For 8 (13 percent) of 60 students tested, the University of Texas at Austin (University) did not accurately verify all required items reported on the FAFSA. Specifically:

- For two students, the University incorrectly identified the household size. For both students, the household size the University identified was smaller than what was reported on the verification form. As a result, the University did not request an updated Institutional Student Information Record (ISIR) for the students at the time of verification. This increases the risk that those students were underawarded Title IV assistance.
- For two students, the University incorrectly identified the AGI. For one student, the discrepancy was below the \$400 threshold; therefore, the University was not required to request an updated ISIR or determine whether an adjustment to Title IV assistance was required. For the other student, the University also incorrectly identified the parent U.S. income tax paid. The amount the University identified was less than the amount reported on the tax return. As a result, the University did not request an updated ISIR for the student at the time of verification. This increases the risk that the student was underawarded Title IV assistance.
- For four students, the University incorrectly identified the untaxed income and benefits. For two of those students, the University identified untaxed income and benefits that exceeded the amounts reported on the tax

returns. As a result, the University did not request an updated ISIR for those students at the time of verification. This increases the risk that those students were underawarded Title IV assistance. For the other two students, the University identified less untaxed income and benefits than was reported on the tax returns. As a result, for one of those students, the University did not request an updated ISIR at the time of verification, which increases the risk that this student was overawarded Title IV assistance. For the other student, the discrepancy was below the \$400 threshold; therefore, the University was not required to request an updated ISIR or determine whether an adjustment to the Title IV assistance was required.

According to University personnel, the errors were due to manual errors made during the verification process.

Other Compliance Requirements

Although the general control weakness described below applies to activities allowed or unallowed, cash management, eligibility, period of availability of federal funds, reporting, special tests and provisions – separate funds, special tests and provisions – disbursements to or on behalf of students, special tests and provisions – return of title IV funds, special tests and provisions – enrollment reporting, and special tests and provisions – borrower data transmission and reconciliation (Direct Loan) auditors identified no compliance issues regarding those compliance requirements.

General Controls

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

During the 2011-2012 award year, the University did not have sufficient change management controls for the information systems that its Office of Student Financial Services uses. Specifically, the Office of Student Financial Services did not segregate the duties of making programming changes and migrating those changes to the production environment. This increases the risk of unintended programming changes being made to critical information systems that the University uses to administer student financial assistance.

Based on information the University provided, in May 2012 the University implemented additional change management controls for the information systems that its Office of Student Financial Services uses.

Corrective Action:

This finding was reissued as current year reference number: 2013-175.

Reference No. 13-159

Special Tests and Provisions – Student Loan Repayments

(Prior Audit Issues 12-168, 11-167, 10-116, and 09-91)

Student Financial Assistance Cluster

Award year – July 1, 2011 to June 30, 2012

Award numbers – CFDA 84.038, Federal Perkins Loan Program, P038A044173 and CFDA 93.264, Nurse Faculty Loan Program, 2 E01HP12963-03-00

Type of finding – Significant Deficiency and Non-Compliance

Defaulted Borrowers

Under the Federal Perkins Loan Program, an institution must ensure that it conducts exit counseling with each borrower in person, by audiovisual presentation, or by interactive electronic means (Title 34, Code of Federal Regulations, Section 674.42(b)(1)).

Institutions are required to make contact with the borrower during the initial and post-deferment grace periods. For loans with a nine-month initial grace period, the institution is required to contact the borrower three times within the initial grace period. The institution is required to contact the borrower for the

first time 90 days after the beginning of the grace period; the second contact should be 150 days after the beginning of the grace period; and the third contact should be 240 days after the beginning of the grace period. The institution shall inform the borrower about the total amount remaining outstanding on the loan account, including principal and interest accruing over the remaining life of the loan (Title 34, Code of Federal Regulations, Section 674.42(c)).

Initial Year Written:	2008
Status:	Implemented

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

The institution is required to send a first overdue notice to a borrower within 15 days after the payment due date if the institution has not received payment or a request for deferment, postponement, or cancellation. The institution must send a second overdue notice within 30 days after the first overdue notice is sent, and it must send a final demand letter within 15 days after the second overdue notice is sent (Title 34, Code of Federal Regulations, Section 674.43(b) and (c)). If the borrower does not respond to the final demand letter within 30 days, the institution shall attempt to contact the borrower by telephone before beginning collection procedures (Title 34, Code of Federal Regulations, Section 674.43(f)).

If the borrower does not satisfactorily respond to the final demand letter or following telephone contact, the institution is required to report the account as being in default to a national credit bureau and either use its own personnel to collect the amount due or engage a collection firm to collect the account (Title 34, Code of Federal Regulations, Section 674.45(a)).

The University of Texas at Austin (University) did not consistently perform required collection procedures for defaulted borrowers. Specifically:

- For 1 (2 percent) of 60 defaulted borrowers tested, the University did not send a first overdue or second overdue notice to the student. This error occurred because the University placed a hold on the student’s account when the student exited forbearance and because the University did not manually send the notices while the student’s account was in the hold status. Borrowers who do not receive overdue notices may not have full knowledge of their loan status and their final obligation.
- For 2 (3 percent) of 60 defaulted borrowers tested, the University did not send a first overdue notice within 15 days after the payment due date or did not send the notice at all. These errors occurred because of weaknesses in the University’s process for posting rejected payments to student accounts. Specifically, when the University determines that a student had insufficient funds for a payment the student made on a loan, it uses a manual process to determine the default date. For these two students, the University entered the wrong default date into its financial aid system; as a result, the University sent the first notice late for one student and did not send a first notice to the other student. Borrowers who do not receive overdue notices in timely manner may not have full knowledge of their loan status and their final obligation.
- For 1 (5 percent) of 21 defaulted borrowers tested with nine-month grace periods, the University did not send the student’s required third grace period notice. The University uses the third grace period notice as its 30-day billing notice; as a result, the student also did not receive the required billing notice. This occurred because the

University erroneously assigned the student a six-month grace period instead of a nine-month grace period when it made a manual adjustment to the student's account. Borrowers who do receive grace period letters may not understand the requirements and obligations for the funds they received. If borrowers do not receive a billing notice, they may be unaware of payment requirements.

General Controls

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

During the 2011-2012 award year, the University did not have sufficient change management controls for the information systems that its Office of Student Financial Services uses. Specifically, the Office of Student Financial Services did not segregate the duties of making programming changes and migrating those changes to the production environment. This increases the risk of unintended programming changes being made to critical information systems that the University uses to administer student financial assistance.

Based on information the University provided, in May 2012 the University implemented additional change management controls for the information systems that its Office of Student Financial Services uses.

Corrective Action:

Corrective action was taken.

Reference No. 13-160

Allowable Costs/Cost Principles

(Prior Audit Issues 12-169 and 11-168)

Research and Development Cluster

Award years – Multiple

Award numbers – Multiple

Type of finding – Significant Deficiency and Non-Compliance

The costs of services provided by specialized service facilities operated by an institution are allowable if the costs of such services are charged directly to applicable awards based on actual usage of the services on the basis of a schedule of rates or established methodology that (1) does not discriminate against federally-supported activities of the institution, including usage by the institution for internal purposes, and (2) is designed to recover only the aggregate costs of the services. The costs of each service shall consist normally of both its direct costs and its allocable share of all facilities and administrative costs. Rates shall be adjusted at least biennially and shall take into consideration over/underapplied costs of the previous period(s) (Title 2, Code of Federal Regulations, Section 220, Appendix A, J.47).

Initial Year Written:	2010
Status:	Implemented
Federal Agencies that Provide R&D Awards	

The University of Texas at Austin's (University) *Handbook of Operating Procedures* states that a service center manager is required to submit a rate proposal to the Office of Accounting on a biennial basis; retain all costs, projections, and any other information used to develop rates to substantiate charges; ensure that rates include only costs directly related to the operation of the service center and the service or good the user receives; and analyze internal expenses and income to ensure that the service center is operating on a break-even basis.

The University did not always ensure that the costs of services provided by service centers were designed to recover only the aggregate costs of the services. In addition, the University did not always perform a biennial review of service centers' rates. Specifically:

- For 1 (8 percent) of 12 service centers tested, the University could not provide a rate proposal; therefore, auditors could not determine whether the rates that the service center charged were designed to recover only the related costs of the services provided.
- For 5 (42 percent) of 12 service centers tested, the University had not reviewed rates within the past two years to ensure that it adjusted rates to recover only the related costs for services provided. The University performed the last rate review in 2005 for three of those service centers and in 2007 for one of those services centers; it had no rate review on file for the remaining service center.

Without a rate proposal or biennial review of rates, rates that service centers charge may not be designed to recover only the related costs of the services provided.

Corrective Action:

Corrective action was taken.

Reference No. 13-161

Equipment and Real Property Management

(Prior Audit Issue 12-170)

Research and Development Cluster

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

A recipient's equipment records for equipment acquired with federal funds and federally-owned equipment shall be maintained accurately and include all of the following: a description of the equipment; manufacturer's serial number, model number, federal stock number, national stock number, or other identification number; the source of the equipment, including the award number; whether title vests in the recipient or the federal government; acquisition date and cost; the percentage of federal participation in the cost of the equipment; location and condition of the equipment; unit acquisition cost; and ultimate disposition data for the equipment.

Initial Year Written:	2011
Status:	Partially Implemented
U.S. Department of Energy	

A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment.

A control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented; if the equipment was owned by the federal government, the recipient shall promptly notify the federal awarding agency (Title 2, Code of Federal Regulations, Section 215.34 (f)).

The University of Texas at Austin's (University) *Handbook of Business Procedures* requires an inventory tag with a bar code to be affixed to new equipment items that are capitalized (items with a unit cost of \$5,000 or more) or controlled (certain items with a unit cost of \$500 to \$4,999.99). The University then enters appropriate data into its automated inventory system.

The University did not always maintain adequate property records for its equipment items or ensure that items were adequately safeguarded. For 5 (8 percent) of 65 equipment items tested, the University's records did not accurately reflect the location and status of the items. Specifically:

- The University was unable to locate one item during the audit, and that item is now considered missing. There were no questioned costs associated with that item because the federal award that the University used to purchase that item was complete; as a result, the University had ownership of that item.

UNIVERSITY OF TEXAS AT AUSTIN

- The University was unable to locate three items listed in its property records. The University showed auditors pieces of equipment that it asserted were those items; however, the property identification numbers on those pieces of equipment did not match the numbers listed in the property records. There were no questioned costs associated with two of those items because the federal awards that the University used to purchase those items were complete; as a result, the University had ownership of those items. The University purchased the third item in fiscal year 2011 under award DE-FG02-01ER15186, and there were \$59,950 in questioned costs associated with that award.
- The University’s property records did not accurately reflect the location of one item at the time of the audit.

Those errors occurred as a result of weaknesses in the University’s inventory and record-keeping processes.

In addition, 1 (2 percent) of the 61 equipment items tested that were required to have an inventory tag did not have an inventory tag affixed to it. The University asserted that it had tagged that item; however, it was unable to locate the tag on that item.

Without properly maintaining property records and tagging equipment items, the University cannot ensure that it safeguards equipment adequately, which increases the risk that assets may be unidentified, lost, or stolen.

The issues above affected the following awards:

<u>CFDA</u>	<u>CFDA Name</u>	<u>Agency</u>	<u>Award Number</u>	<u>Award Period</u>	<u>Questioned Cost</u>
12.800	Air Force Defense Research Sciences Program	U.S. Department of Defense – Air Force	FA9550-04-1-0331	May 1, 2004 to June 30, 2006	\$ 0
47.049	Mathematical and Physical Sciences	National Science Foundation	CHE-9875315	March 1, 1999 to February 28, 2003	0
43.000	National Aeronautics and Space Administration	National Aeronautics and Space Administration	NAG2-067	September 1, 1980 to September 30, 1998	0
81.049	Offices of Science Financial Assistance Program	U.S. Department of Energy	DE-FG02-01ER15186	September 1, 2001 to October 31, 2013	59,950
12.000	U.S. Department of Defense	U.S. Department of Defense – Army	DAAA21-93-C-0101	October 1, 1993 to September 30, 1998	0
93.859	Biomedical Research and Research Training	U.S. Department of Health and Human Services	5 R01 GM065956-03	May 1, 2003 to October 31, 2007	0
Total Questioned Costs					\$59,950

Corrective Action:

This finding was reissued as current year reference number: 2013-176.

Reference No. 13-162

Procurement and Suspension and Debarment

Research and Development Cluster

Award years – May 1, 2010 to April 30, 2015; October 1, 2010 to December 31, 2013; and August 3, 2009 to August 31, 2014

Award numbers – CFDA 12.800, Air Force Defense Research Sciences Program, FA9550-10-1-0169; CFDA 81.089, Fossil Energy Research and Development, DE-FE-0005917 and DE-FE-0005902; and CFDA 93.859, Biomedical Research and Research Training, 5R00GM088384-04

Type of finding – Significant Deficiency and Non-Compliance

Competition in Procurement

All procurement transactions shall be conducted in a manner to provide, to maximum extent practical, open and free competition. In addition, procurement records and files shall include the following at a minimum: (1) basis for contractor selection, (2) justification for lack of competition when competitive bids or offers are not obtained, and (3) basis for award cost or price. (Title 2, Code of Federal Regulations (CFR), Sections 215.43 and 215.46). Some form of cost or price analysis shall be made and documented in the procurement files in connection with every procurement action (Title 2, CFR, Section 215.45).

Initial Year Written:	2012
Status:	Implemented
U.S. Department of Health and Human Services	

The University of Texas at Austin’s (University) *Handbook of Business Procedures* requires that it perform a cost reasonableness analysis and include a justification for sole source purchases for all non-competitive procurements that exceed \$5,000. In its sole source justification, the University’s purchasing department is required to (1) identify the unique features of the particular product or service, (2) explain the need for the unique features of the product or service, and (3) explain why other products or services are not acceptable. Additionally, the University’s procedures allow it to use the sole source purchasing option when the goods or services are available only through a single source or when it determines that the purchase provides the best value to the University. **The University did not always document the basis for contractor selection, the rationale for the method of procurement, a cost or price analysis for the procurement, or a justification for limited competition.** For 1 (2 percent) of 60 procurements tested, the University made a limited competition purchase through its electronic marketplace program. However, the University did not retain documentation of its justification for limited competition. In addition, the University did not retain documentation regarding how it selected the vendor to participate in its electronic marketplace program or whether the vendor offered the best value for the University. This resulted in questioned costs of \$10,821 associated with award 5R00GM088384-04.

Not recording and retaining documentation related to limited competition procurement transactions and vendor selection increases the risk that procurements may not provide the best value and that limited competition procurements could be inappropriate.

Suspension and Debarment

Federal rules require that, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Title 2, CFR, Section 180.300). Covered transactions include procurement contracts for goods and services that are expected to equal or exceed \$25,000 and all nonprocurement transactions (that is, subawards to subrecipients) irrespective of award amount (Title 2, CFR, Sections 180.210 through 180.220 and 180.970).

The University did not always document that it verified that vendors were not suspended or debarred from federal procurements. For 2 (8 percent) of 25 procurements tested that were at least \$25,000, the University could not provide evidence that it verified the vendors’ suspension and debarment status. For one of those two procurements, the University did not retain the documentation in the procurement file. For the other procurement, the University traded an existing equipment item toward the purchase of a new equipment item whose total value exceeded \$25,000; however, the University did not perform a verification of the vendor’s suspension and debarment

status because the resulting net purchase price did not exceed \$25,000. Auditors searched the EPLS and verified that the vendors for the procurements tested were not suspended or debarred.

When the University does not verify that vendors are not suspended or debarred, this increases the risk that it could enter into procurements with vendors that are not eligible to receive federal funds.

Corrective Action:

Corrective action was taken.

University of Texas at Dallas

Reference No. 13-163

Eligibility

Special Tests and Provisions – Disbursements To or On Behalf of Students

Student Financial Assistance Cluster

Award year – July 1, 2011 to June 30, 2012

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P113234 and CFDA 84.268, Federal Direct Student Loans, P268K123234

Type of Finding – Significant Deficiency and Non-Compliance

Cost of Attendance

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as a student’s cost of attendance (COA) minus the expected family contribution (EFC). The phrase “cost of attendance” refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087II).

Initial Year Written:	2012
Status:	Implemented
U.S. Department of Education	

The University of Texas at Dallas (University) incorrectly calculated COA for 30 graduate students who lived on campus. Specifically:

- The University overestimated COA for 1 (3 percent) of 40 students that auditors tested. The University incorrectly used an off-campus room and board budget for graduate students who lived on campus during the award year. That occurred because of errors in budget formulas that the University’s financial aid system used to calculate COA.
- After auditors communicated the error described above to the University, it performed additional analysis on the graduate student population; as a result of that analysis, the University asserted that it overestimated COA for 29 additional graduate students who lived on campus during the award year.

Based on the University’s calculations, it awarded 11 (37 percent) of the 30 graduate students described above \$3,280 in federal Direct Loans for which they were not eligible. After auditors brought this matter to its attention, the University provided evidence that it corrected those overawards in June 2012.

Satisfactory Academic Progress

A student is eligible to receive Title IV Higher Education Act Program assistance if the student maintains satisfactory progress in his or her course of study according to the institution’s published standards of satisfactory progress that satisfy the provisions of Title 34, Code of Federal Regulations, Section 668.16(e), and, if applicable, the provisions of Title 34, Code of Federal Regulations, Section 668.34 (Title 34, Code of Federal Regulations, Section 668.32(f)). An institution’s satisfactory academic progress (SAP) policy should include a qualitative component that consists of grades, work projects completed, or comparable factors that are measureable against a norm, and a quantitative component that consists of a maximum time frame within which a student must complete his or her education (Title 34, Code of Federal Regulations, Section 668.16(e)).

The University’s SAP policy requires all students to successfully complete at least two-thirds of attempted hours each term.

For 1 (3 percent) of 40 students tested, the SAP status in the University’s financial aid system was not calculated in accordance with the University’s SAP policy. That occurred because the University incorrectly calculated completion rates for students who were enrolled in more than 12 hours for undergraduate students and for more than 9 hours for graduate students. For those students, the University calculated the completion rate based on

an enrollment of only 12 hours for undergraduate students and only 9 hours for graduate students; as a result, it did not detect that the student did not complete two-thirds of attempted hours as required by its SAP policy. Based on information the University provided, that issue affected a total of 47 students. The University determined that 3 (6 percent) of those 47 students received a total of \$25,631 in Title IV financial assistance for which they were not eligible. After auditors brought this matter to its attention, the University provided evidence that it corrected those overawards.

Other Compliance Requirement

Although the general control weakness described below affects all student financial assistance awards administered by the University and applies to special tests and provisions – disbursements to or on behalf of students, auditors identified no compliance issues regarding that compliance requirement.

General Controls

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

The University did not adequately manage user access to the database for its PeopleSoft application. Specifically, the University did not remove 20 database user accounts for terminated employees and contractors. Those accounts had direct access to the database and are considered higher risk than normal application user accounts. Although the University periodically reviewed user access at the PeopleSoft application level and identified one of those 20 users, it did not communicate the results of its review to the database administrators in the Arlington Regional Data Center; as a result, the University did not remove that user's access to the database.

Additionally, although the University periodically reviews active users and access rights to its PeopleSoft Campus Solutions accounts, that process is not working as intended. Auditors identified a user who was listed in the February 2012 periodic review as being retired, but the University did not disable or remove that individual's access until after auditors brought this matter to the University's attention. In addition, auditors identified six individuals whose employment had been terminated but for whom the University had not disabled or removed their user accounts for the student financial aid application.

Not maintaining appropriate access to the database increases the risk of unauthorized access to key financial aid data.

Corrective Action:

Corrective action was taken.

University of Texas at El Paso

Reference No. 13-164

Eligibility

Special Tests and Provisions – Disbursements To or On Behalf of Students

(Prior Audit Issues 11-171 and 11-170)

Student Financial Assistance Cluster

Award year – July 1, 2011 to June 30, 2012

Award numbers – CFDA 84.063, Federal Pell Grant Program, P063P112338; CFDA 84.268, Federal Direct Student Loans, P268K122338; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T122338; CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A114176; CFDA 84.033, Federal Work-Study Program, P033A114176; CFDA 93.925, Scholarships for Health Professions Students from Disadvantaged Backgrounds, T08HP22396-01-00; CFDA 93.264, Nurse Faculty Loan Program, E01HP112947-02-00; and CFDA 84.038, Federal Perkins Loan – Federal Capital Contributions, Award Number Not Applicable

Type of finding – Significant Deficiency and Non-Compliance

Satisfactory Academic Progress

A student is eligible to receive Title IV Higher Education Act Program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory academic progress that meet the provisions of Title 34, Code of Federal Regulations (CFR), Section 668.34 (Title 34, CFR, Section 668.32(f)). An institution's satisfactory academic progress (SAP) policy should specify the grade point average (GPA) that a student must achieve at each evaluation or, if GPA is not an appropriate qualitative measure, a comparable assessment measured against a norm. The SAP policy also should specify the pace at which a student must progress through his or her educational program to ensure that the student will complete the program within the program's maximum time frame (Title 34, CFR, Section 668.34).

Initial Year Written: 2010
Status: Partially Implemented

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

The University of Texas at El Paso's (University) policy requires that a student must maintain at least a 2.00 GPA if pursuing an undergraduate degree and a 3.00 GPA if pursuing a graduate degree. Additionally, students receiving financial aid cannot attempt more than 150 percent of the published length of the eligible degree program as measured by credit hours. A student also must make "measurable progress," which is determined by the cumulative completion of at least 75 percent of all attempted hours toward the student's eligible degree plan in an academic year.

For 1 (2 percent) of 45 students for whom the University was required to review compliance with its SAP policy, the University did not evaluate whether the student was making satisfactory academic progress to receive financial assistance. As a result, the University awarded that student \$15,917 in Direct Loans, associated with award P268K122338, when the student was not eligible to receive that assistance. That occurred because the University dismissed the student on financial aid probation from the University following the Spring 2011 term. When the student enrolled in Spring 2012, the University did not review the student's SAP status prior to awarding financial assistance.

After auditors brought this matter to its attention, the University provided evidence that it had corrected those awards.

Recommendation:

The University should implement a process to conduct SAP reviews on students who are readmitted to the University following withdrawals and dismissals.

Management Response and Corrective Action Plan 2012:

The current SAP programs and the Financial Aid Management System (Banner) rules are excluding students who have stopped out and their student record is marked as inactive. Thus, causing these students to be marked erroneously as "Eligible". The University of Texas at El Paso (UTEP) will take the following steps eliminate these errors.

1. Starting in the Summer semester of 2013, a new process is being developed to create a new student term record for every term a student is registered. Along with this a process, a change was developed and implemented in the Summer of 2012 to inactivate a students' record after two "long" semesters of registration inactivity, excluding Summer semesters. Students now are required to re-apply to the university to change their student status to active.
2. SAP programs and Banner rules will be updated to not exclude students with inactive records who have previous academic history at UTEP. These changes will insure their correct SAP eligibility coding. Additionally, UTEP will review all current 12-13 financial aid awardees that fall in this category to verify proper eligibility.

Management Response and Corrective Action Plan 2013:

SAP programs and Banner rules will be updated to not exclude students with inactive records who have previous academic history at UTEP. These changes will insure their correct SAP eligibility coding. Additionally, UTEP will review all current 12-13 financial aid awardees that fall in this category to verify proper eligibility.

Implementation Date: March 2013

Responsible Person: Ron Williams

Pell Grant Awards

For the federal Pell Grant program, institutions use the payment and disbursement schedules that the U.S. Department of Education provides each year for determining award amounts (Title 34, CFR, Section 690.62). Those schedules provide the maximum annual amount a student can receive for a full academic year for a given enrollment status, expected family contribution (EFC), and cost of attendance (COA). There are separate schedules for three-quarter-time, half-time, and less-than-half-time students (2011-2012 *Federal Student Aid Handbook*, Volume 3, Chapter 3). Additionally, a student's eligibility for a Pell Grant must first be determined and considered before the student is awarded other financial assistance such as Direct Subsidized or Direct Unsubsidized loans (Title 34, CFR, Section 685.200).

For 1 (2 percent) of 47 Pell Grant recipients tested, the University awarded the student \$1,050 more in Pell Grants than the student was eligible to receive. That occurred because of a data entry error. Specifically, the University manually locked the student's enrollment status as full-time when the student was enrolled only half-time. The University did not verify the student's enrollment status at the time of disbursement and awarded the student a Pell Grant based on full-time enrollment status.

After auditors brought this matter to its attention, the University provided evidence that it had corrected that overaward.

Corrective Action:

Corrective action was taken.

Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student's COA minus the EFC (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087kk). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, United States Code, Chapter 28, Subchapter IV, Section 1087ll).

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's Institutional Student Information Record (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (Title 34, CFR, Sections 668.2 and 673.5).

A full-time student is defined as an enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. For an undergraduate student, an institution's minimum standard must equal or exceed 12 semester hours. A half-time student is defined as an enrolled student who is carrying a half-time academic workload, as determined by the institution, which amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student (Title 34, CFR, Section 668.2).

For 3 (5 percent) of 60 students tested, the University incorrectly calculated COA because it incorrectly classified the students in its financial assistance system, Banner. For two of those students, the University incorrectly assigned the students an in-state COA budget when the students indicated that they were not Texas residents. For the remaining student, the University incorrectly calculated COA because it classified the student as an undergraduate student when the student was a graduate student. Those errors resulted from manual COA adjustments to students' status that the University made in its financial aid system. The three students were not overawarded assistance; however, calculating incorrect COA amounts increases the risk that students could be awarded assistance in excess of their financial need.

Recommendation:

The University should implement a process to review manual adjustments to COA budgets.

Management Response and Corrective Action Plan 2012:

First 2 findings

It is UTEP's financial aid policy to default all students to the lower resident budget. Out-of-state students may request a budget adjustment to increase their budget if they are truly paying non-resident tuition. Large percentages (85%) of the out-of-state students at UTEP are provided waivers which allow them to pay resident tuition rates per the State of Texas. It is for this reason that UTEP has chosen to default to the lower budget to prevent over awards. Also, Banner has developed a modification to the Financial Aid module to allow for term-by-term budgeting. This will work nicely in consort with the changes noted for activating and inactivating students on a semester-by-semester basis.

Third finding

New functionality has been added to Banner which will allow the calculation and recalculation of student budgets on a term-by-term basis. This functionality will allow the Financial Aid Office to automatically and/or manually change student's individual budgets on a semester-by-semester basis, based on various parameters (e.g. students degree type, level [undergraduate, Graduate, etc.], and enrollment [full-time, three-quarter time, etc.,]) in the student information system.

Management Response and Corrective Action Plan 2013:

First 2 findings

It is UTEP's financial aid policy to default all students to the lower resident budget. Out-of-state students may request a budget adjustment to increase their budget if they are truly paying non-resident tuition. Large percentages (85%) of the out-of-state students at UTEP are provided waivers which allow them to pay resident tuition rates per the State of Texas. It is for this reason that UTEP has chosen to default to the lower budget to prevent over awards. Also, Banner has developed a modification to the Financial Aid module to allow for term-by-term budgeting. This will work nicely in consort with the changes noted for activating and inactivating students on a semester-by-semester basis.

Third finding

New functionality has been added to Banner which will allow the calculation and recalculation of student budgets on a term-by-term basis. This functionality will allow the Financial Aid Office to automatically and/or manually change student's individual budgets on a semester-by-semester basis, based on various parameters (e.g. students degree type, level [undergraduate, Graduate, etc.], and enrollment [full-time, three-quarter time, etc.,]) in the student information system.

Implementation Date: August 2013

Responsible Person: Ron Williams

Other Compliance Requirement

Although the general control weakness described below affects all student financial assistance awards administered by the University and applies to special tests and provisions – disbursements to or on behalf of students, auditors identified no compliance issues regarding that compliance requirement.

General Controls

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

The University has not implemented adequate logical access controls to its Banner student financial assistance application and associated database, its operating system, and its network. This increases the risk of unauthorized system access and could result in compromise or loss of data.

Additionally, **the University did not have sufficient segregation of duties in its change management processes.** Specifically, one programmer had access to change application code and migrate it to the production environment. This increases the risk of unintended programming changes being made to critical information systems that the University uses to administer student financial assistance.

Recommendation:

The University should strengthen logical access controls to prevent unauthorized system access and better safeguard critical data.

Management Response and Corrective Action Plan 2012:

Password standards have been developed and approved by the Chief Information Security Officer. The deployment of those standards will begin after the 1st of the year to allow for timely notification to all customers.

Management Response and Corrective Action Plan 2013:

A password standard has been configured and deployed in the production environment. A Banner Password Standard policy has been published and approved by our Chief Information Security Officer.

Implementation Date: July 2013

Responsible Person: Luis Hernandez

University of Texas Health Science Center at Houston

Reference No. 13-165

Activities Allowed or Unallowed

Allowable Costs/Cost Principles

(Prior Audit Issue 11-172)

Research and Development Cluster

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency

The method of payroll distribution used by entities that receive federal awards must recognize the principle of after-the-fact confirmation or determination so that costs distributed represent actual costs, unless a mutually satisfactory alternative agreement is reached. Direct cost activities and facilities and administrative cost activities may be confirmed by responsible persons with suitable means of verification that the work was performed. Additionally, for professorial and professional staff, activity reports must be prepared each academic term, but no less frequently than every six months (Title 2, Code of Federal Regulations, Section 220, Appendix A (J)(10)).

Initial Year Written: 2010
Status: Partially Implemented

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

The University of Texas Health Science Center at Houston (Health Science Center) did not complete in a timely manner certifications of after-the-fact time and effort reports for 8 (18 percent) of 45 payroll transactions tested. According to Health Science Center policy, certification is considered timely if it occurs within 30 calendar days after the time and effort reports are made available to department personnel for certification. Department personnel certified the 8 time and effort reports between 3 and 89 days after certification was due. The Health Science Center has a process to notify department academic and administrative leadership or department deans if certifications are not completed in a timely manner. However, because those notifications are sent after the 30-day period has expired, the process is not adequate to ensure that department personnel submit certifications in a timely manner.

A prolonged elapsed time between activity and certification of the activity can decrease the accuracy of reporting and increase the time between payroll distribution and any required adjustments to that distribution.

The following awards were affected by the issue noted above:

CFDA	CFDA Title	Award Number	Award Year
84.305	Education Research, Development and Dissemination	R305A090212-10	March 1, 2010 to February 28, 2013
12.420	Military Medical Research and Development	W81XWH-11-1-0240	September 1, 2011 to August 31, 2012
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	5R01DK035566-26	July 1, 2011 to June 30, 2012
93.855	Allergy, Immunology and Transplantation Research	5P01A1077774-01	August 1, 2011 to July 31, 2012
93.728	ARRA – Strategic Health IT Advanced Research Projects (SHARP)	90TR0004-01	April 1, 2011 to March 31, 2012
93.701	Trans-NIH Recovery Act Research Support	1RC4HD67977-01	September 1, 2011 to August 31, 2012
93.701	Trans-NIH Recovery Act Research Support	U01NS062835	September 1, 2011 to August 31, 2012
93.701	Trans-NIH Recovery Act Research Support	5R01EY0118352-02	August 1, 2010 to July 31, 2012

Recommendation:

The Health Science Center should ensure that all departments certify after-the-fact time and effort reports in a timely manner according to its policy.

Management Response and Corrective Action Plan 2012:

The institutional procedures established in June 2010 provide three notifications during the effort reporting certification period. The notifications remind the responsible parties of their obligation to certify. After the implementation of this procedure, the compliance with completing effort reports in a timely manner was greatly improved.

The procedures established in June 2010 are being enhanced to include five notifications/reminders:

- *Initial: Effort Report now available*
- *Notification 1 at 21 days prior to due date: Effort Report still outstanding*
- *Notification 2 at 14 days prior to due date: Effort Report still outstanding*
- *Notification 3 at 7 days prior to due date: Effort Report still outstanding*
- *Notification 4 at the due date: Effort Report still outstanding, last day to comply with institutional policy and federal guidelines.*

Management Response and Corrective Action Plan 2013:

The corrective action plan enhancement was implemented on July 5, 2013 (opening of effort period Jan – Jun 2013). The automated email reminders in ecrt have been updated to allow the notifications to be sent out according to the schedule outlined in our initial response.

Travel restrictions will be enacted on individuals that do not certify effort statements within the effort certification window. This enforcement action will become effective January 19, 2014 (opening of effort period July – Dec 2013). Automated email reminders will be updated to include warnings regarding this additional action.

Implementation Date: July 2013

Responsible Person: Jodi Odgen

Reference No. 13-166

Procurement and Suspension and Debarment

Research and Development Cluster

Award years – April 1, 2010 to March 31, 2014; March 1, 2011 to February 29, 2012; November 15, 2011 to March 31, 2012; and August 31, 2011 to September 30, 2012

Award numbers – CFDA 93.728, ARRA – Strategic Health IT Advanced Research Projects (SHARP), 90TR000401; CFDA 93.865, Child Health and Human Development Extramural Research, 5R01HD060617-03; CFDA 93.837, Cardiovascular Diseases Research, N01-HC-05268; and CFDA 84.371, Striving Readers, ISAS# 2743

Type of finding – Significant Deficiency and Non-Compliance

All procurement transactions shall be conducted in a manner to provide, to maximum extent practical, open and free competition. In addition, procurement records and files shall include the following at a minimum: (1) basis for contractor selection, (2) justification for lack of competition when competitive bids or offers are not obtained, and (3) basis for award cost or price (Title 2, Code of Federal Regulations, Sections 215.43 and 215.46).

Initial Year Written:	2012
Status:	Implemented
U.S. Department of Health and Human Services	

The University of Texas Health Science Center at Houston’s (Health Science Center) *Procurement Handbook* requires it to provide a fair opportunity for all suppliers to bid or submit proposals and be awarded contracts for goods and services. It also specifies that most contract determinations are based upon best value and that sole source procurements should be used if there is only one supplier that can provide the goods or services requested. The Health Science Center’s procurement procedures also require documentation of the due diligence performed to support a sole source purchase.

For 2 (5 percent) of 43 procurements tested, the Health Science Center did not provide an adequate justification for sole source procurements. Specifically:

- The Health Science Center selected a hotel to host an annual meeting and listed its justification for the procurement as a best value purchase; it also cited the centralized location of the hotel. However, the Health Science Center did not solicit bids from any other hotels. In addition, the Health Science Center did not document the due diligence performed to support a sole source purchase. This resulted in questioned costs of \$5,115 associated with award 90TR000401.
- The Health Science Center awarded a contract to a local medical supply company as a sole source purchase. The contract was for name-brand pharmaceutical drugs that were available at other medical supply companies. The Health Science Center listed its justification for the procurement as a best value purchase; however, it did not solicit bids from any other medical supply companies. In addition, the Health Science Center did not document the due diligence performed to support a sole source purchase. This resulted in questioned costs of \$6,557 associated with award 5R01HD060617-03.

In addition, the Health Science Center’s purchase award summary documentation requires that a minimum of two bids be obtained from certified historically underutilized businesses. **However, for 2 (50 percent) of 4 competitively bid contracts tested, the Health Science Center did not solicit bids from at least 2 historically underutilized businesses.** Those errors occurred because the Health Science Center did not follow its requirement to solicit two bids from historically underutilized businesses for those two contracts.

Corrective Action:

Corrective action was taken.

Reference No. 13-167

Reporting

Research and Development Cluster

Research and Development Cluster – ARRA

Award years – Multiple

Award numbers – Multiple

Type of finding – Significant Deficiency

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

Initial Year Written:	2012
Status:	Partially Implemented
Federal Agencies that Provide R&D Awards	

The University of Texas Health Science Center at Houston (Health Science Center) does not have sufficient controls to ensure that the American Recovery and Reinvestment Act (Recovery Act) Section 1512 reports and Federal Funding Accountability and Transparency Act (FFATA) reports it submits to the federal government are complete and accurate. The Health Science Center did not document its review of the expenditure reports it used to report Recovery Act and FFATA information. Performing and documenting that review is important to help ensure the completeness and accuracy of the reports the Health Science Center submits.

Auditors did not identify any errors in a sample of 14 Recovery Act Section 1512 reports tested or in a sample of 7 FFATA reports tested that the Health Science Center submitted during fiscal year 2012. However, the lack of a review increases the risk that information intended for the federal government and the public could be incomplete or inaccurate.

Recommendation:

The Health Science Center should establish and implement controls to help ensure that the Recovery Act and Transparency Act reports it submits are complete and accurate.

Management Response and Corrective Action Plan 2012:

Due to the short turnaround for ARRA reporting (ten days are allocated for reporting), UTHHealth assigned this task to a senior member of the Post Award Finance team, specifically an Assistant Director. We acknowledge the concern expressed and will implement an after-the-fact report review by another PAF team member.

2013 Update:

The Health Science Center has established and implemented controls to help ensure that the Recovery Act reports it submits are complete and accurate. However, there was not a control in place during fiscal year 2013 to ensure that Transparency Act reports are complete and accurate.

Management Response and Corrective Action Plan 2013:

The Health Science Center has implemented a quarterly after-the-fact review of FFATA reports by the Supervisor of the Systems & Reporting team. Any corrections are identified by the Supervisor and returned to the Sponsored Projects assistant for correction in the FFATA Subaward Reporting System (FSRS). If needed, FSRS support tickets are filed and logged to address any additional issues.

Implementation Date: September 1, 2013

Responsible Person: Jodi Ogden

University of Texas Health Science Center at Tyler

Reference No. 12-174

Allowable Costs/Cost Principles

Research and Development Cluster

Award years – July 1, 2011 to June 30, 2012; July 1, 2010 to June 30, 2011; June 1, 2010 to May 31, 2011; July 1, 2009 to June 30, 2011; February 1, 2009 to January 31, 2012; June 1, 2010 to May 31, 2012; June 1, 2011 to May 31, 2012; September 23, 2010 to August 31, 2011; January 1, 2009 to December 31, 2010; September 1, 2005 to August 31, 2011; December 1, 2008 to November 30, 2010; September 1, 2009 to August 31, 2011; February 1, 2010 to January 31, 2011; and February 1, 2011 to January 31, 2012

Award numbers – CFDA 93.837 5R18HL092955-03 and 1R21HL093547-01A2; CFDA 93.701 5R21AG031880-02; CFDA 93.701 3R01HL087017-04S1; CFDA 93.838 5R01HL087017-06; CFDA 93.701 5R21AI082335-02; CFDA 93.855 5R01AI088201-02; CFDA 93.855 1R56AI085135-01A1; CFDA 93.855 5R01AI054629-05; CFDA 93.838 1P01HL076406-05; CFDA 93.855 5R21AI073612-02; CFDA 93.855 5R21AI079747-02; and CFDA 93.838 2R01HL076206-05

Type of finding – Significant Deficiency and Non-Compliance

Approval of Non-payroll Transactions

For three non-payroll transactions tested, the Health Science Center did not obtain the correct approvals for payments to subrecipients. Specifically, the Health Science Center personnel who approved each of the expenditures associated with those transactions were not the appropriate personnel to approve those expenditures based on the Health Science Center’s approval procedures. However, auditors did not identify any compliance issues associated with those transactions.

Initial Year Written:	2011
Status:	Implemented
U.S. Department of Health and Human Services	

Corrective Action:

Corrective action was taken.

University of Texas M. D. Anderson Cancer Center

Reference No. 13-168

Allowable Costs/Cost Principles

(Prior Audit Issue 11-176)

Research and Development Cluster

Award years – Multiple

Award numbers – Multiple

Type of finding – Significant Deficiency

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

Initial Year Written:	2010
Status:	Implemented
Federal Agencies that Provide R&D Awards	

Research grants may be subject to laws and/or administrative regulations that limit the allowance for indirect costs under each grant to a stated percentage of the direct costs allowed. The maximum allowable under the limitation should be established by applying the stated percentage to a direct cost base, which shall include all items of expenditure authorized by the sponsoring agency for inclusion as part of the total cost for the direct benefit of the work under the grant (Title 45, Code of Federal Regulations, Part 74, Appendix E, Section v(C)).

During fiscal year 2012, the University of Texas M. D. Anderson Cancer Center (Cancer Center) used its general ledger accounting system as the basis for calculating indirect costs that it had incurred related to federal research and development expenditures. The Cancer Center’s process was to calculate indirect costs each month by applying the federally approved indirect cost rate to the appropriate cost base. **However, at the time of the audit, the general ledger accounting system was not available for the purpose of testing the controls over the Cancer Center’s indirect cost calculation process; therefore, auditors were unable to determine whether those controls were operating effectively during fiscal year 2012.** Auditors identified no compliance errors in a sample of 40 indirect cost charges tested.

Corrective Action:

Corrective action was taken.

Reference No. 13-169

Cash Management

Research and Development Cluster

Award years – Multiple

Award numbers – Multiple

Type of finding – Significant Deficiency

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

Initial Year Written:	2012
Status:	Partially Implemented
Federal Agencies that Provide R&D Awards	

A state must minimize the time between its drawdowns of federal funds and the disbursement of those funds for federal program purposes. The timing and amount of the funds transfer must be as close as is administratively feasible to a state’s actual cash outlays (Title 31, Code of Federal Regulations, Section 205.33(a)).

During fiscal year 2012, the University of Texas M. D. Anderson Cancer Center (Cancer Center) used its general ledger accounting system as the basis for its drawdowns of federal funds. The Cancer Center produced a weekly report from that system to determine the amount of its expenditures for each week, and then it adjusted that amount for other factors as necessary. However, at the time of the audit, the Cancer Center's general ledger accounting system was not available for the purpose of testing the controls used to produce that weekly report; **therefore, auditors were unable to determine whether those controls were operating effectively in fiscal year 2012.** Auditors identified no compliance errors in a sample of 40 draws tested.

Corrective Action:

This finding was reissued as current year reference number: 2013-184.

Reference No. 13-170

Period of Availability of Federal Funds

Research and Development Cluster

Award years – See below

Award numbers – See below

Type of finding – Significant Deficiency and Non-Compliance

Period of Availability

When a funding period is specified, a recipient may charge to a grant only allowable costs resulting from obligations incurred during the funding period and any preaward costs authorized by the federal awarding agency (Title 2, Code of Federal Regulations, Section 215.28). Unless the federal awarding agency authorizes an extension, a recipient shall liquidate all obligations incurred under the award not later than 90 calendar days after the funding period or the date of completion as specified in the terms and conditions of the award or in agency implementing instructions (Title 2, Code of Federal Regulations, Section 215.71(b)).

Initial Year Written:	2012
Status:	Implemented
U.S. Department of Health and Human Services	

For 15 (25 percent) of 60 transactions tested that occurred after the end of the grants' period of availability, the University of Texas M. D. Anderson Cancer Center (Cancer Center) did not obligate the transactions within the funding period. Specifically:

- Thirteen of those errors were associated with salary or fringe benefit payments to employees for periods after the funding period for the grant had ended. As a result, the Cancer Center charged \$10,888 in unallowable payroll costs to federal awards after the end of the period of availability for those grants.
- Two of those errors were associated with hospital services that the Cancer Center provided in support of the projects after the funding period for the grants had ended. As a result, the Cancer Center charged \$2,310 in unallowable costs after the period of availability for those grants.

In addition, the Cancer Center did not always liquidate obligations within 90 calendar days after the end of the funding period. For 19 (36 percent) of 53 transactions tested that were not adjustments for prior expenditures, the Cancer Center liquidated its obligations more than 90 calendar days after the end of the funding period. In addition to the 15 transactions identified as errors above, the University liquidated four additional expenditures totaling \$11,671 more than 90 days after the end of the period of availability. Although those expenditures were initially obligated during the period of availability, they were not liquidated within the required time frame and, as a result, were unallowable.

The Cancer Center has a process to establish the period of availability for each award in its general ledger system. However, it has not established sufficient processes within that system to prevent expenses from posting to an award after the period of availability has ended.

UNIVERSITY OF TEXAS M. D. ANDERSON CANCER CENTER

Cost Transfer Review and Approval

The Cancer Center's *Cost Transfer Standard Operating Procedures* require that transfers and adjustments be reviewed and approved by staff within its Office of Sponsored Programs to ensure that all adjustments to federal funds were for obligations incurred during the funding period.

The Cancer Center did not adequately review 7 (17 percent) of 42 adjustments and transfers of federal grant expenditures as required by its procedures. Although the Grants and Contracts Department reviewed these adjustments and transfers, that review was not sufficient to identify whether those transactions were within each grant's period of availability. Three of those errors were associated with transactions identified above; for the remaining four errors, the Cancer Center subsequently identified and corrected its errors to remove those charges from federal grants.

A lack of automated controls in the general ledger system, as well as an inadequate review of adjustments and transfers, increases the risk that expenditures could be charged to federal awards after the end of the period of availability.

All of the issues discussed above affected the following awards:

<u>CFDA</u>	<u>CFDA Title</u>	<u>Award Number</u>	<u>Award Year</u>	<u>Questioned Cost</u>
93.XXX	Untitled	5 N01 AR62279	October 1, 2010 to March 29, 2012	\$ 84
93.XXX	Untitled	HHSA29020010015C 03	October 6, 2010 to October 5, 2011	1,872
93.XXX	Untitled	N01-CM-62202 09	January 1, 2010 to September 30, 2011	6,428
93.XXX	Untitled	ACOSOG-Z1041	July 2, 2007 to March 31, 2012	562
93.393	Cancer Cause and Prevention Research	5 R01 CA137625 02	December 1, 2010 to November 30, 2011	2,972
93.393	Cancer Cause and Prevention Research	1 R01 CA151899 01 A1	July 5, 2011 to April 30, 2012	186
93.393	Cancer Cause and Prevention Research	5 R01 CA119215 05	August 5, 2010 to August 31, 2011	9,244
93.393	Cancer Cause and Prevention Research	5 R01 CA139020 02	March 18, 2010 to August 31, 2011	0
93.393	Cancer Cause and Prevention Research	5 U01 CA118444 05	August 23, 2006 to July 31, 2011	0
93.394	Cancer Detection and Diagnosis Research	5 R01 CA132032 02	March 1, 2009 to February 28, 2012	2,228
93.395	Cancer Treatment Research	5 U10 CA98543 09	March 1, 2011 to February 29, 2012	470
93.395	Cancer Treatment Research	5 U10 CA010953 42	September 1, 1978 to December 31, 2010	0
93.395	Cancer Treatment Research	5 R01 CA096652 07	July 18, 2002 to July 31, 2011	0
93.839	Blood Diseases and Resources Research	U01 HL69334	July 1, 2011 to June 30, 2012	812
93.855	Allergy, Immunology and Transplantation Research	5 U19 AI071130 05	July 1, 2010 to June 30, 2011	11
Total Questioned Costs				\$24,869

Corrective Action:

Corrective action was taken.

Reference No. 13-171

Reporting

Research and Development Cluster

Award years – Multiple

Award numbers – Multiple

Type of finding – Significant Deficiency and Non-Compliance

The Federal Funding Accountability and Transparency Act (FFATA) requires prime recipients of federal awards made on or after October 1, 2010, to capture and report subaward and executive compensation data regarding first-tier subawards that exceed \$25,000. A subaward is defined as a legal instrument to provide support for the performance of any portion of the substantive project or program for which a recipient received a grant or cooperative agreement award and that is awarded to an eligible subrecipient (Title 2, Code of Federal Regulations, Chapter 170).

Initial Year Written: 2012
 Status: Partially Implemented

Federal Agencies that Provide R&D Awards

The University of Texas M. D. Anderson Cancer Center (Cancer Center) did not report subawards as required by FFATA during fiscal year 2012. The Cancer Center has not established a process to report subawards to the FFATA Subaward Reporting System (FSRS). In fiscal year 2012, the Cancer Center passed through \$12,155,143 in federal funds to non-American Recovery and Reinvestment Act subrecipients.

Not reporting required subawards to FSRS decreases the reliability and availability of information provided to the awarding agency and other users of that information.

Corrective Action:

This finding was reissued as current year reference number: 2013-185.

Reference No. 13-172

Subrecipient Monitoring

Research and Development Cluster

Award years – September 30, 2003 to September 29, 2014; September 25, 2001 to August 31, 2012; September 1, 2009- to August 31, 2013; and September 30, 1996 to May 31, 2012

Award numbers – CFDA 93.XXX, (CFDA is untitled), N01-CN-35159-07; CFDA 93.397, Cancer Centers Support Grants, P50 CA091846 10; CFDA 93.397, Cancer Centers Support Grants, 5 P50CA136411-03; and CFDA 93.399, Cancer Control, 5U10CA045809-23

Type of finding – Significant Deficiency and Non-Compliance

Beginning October 1, 2010, an agency may not make an award to an entity until it has obtained a valid Data Universal Numbering System (DUNS) number for that entity (Title 2, Code of Federal Regulations, Sections 25.105 and 25.205).

Initial Year Written: 2012
 Status: Partially Implemented

U.S. Department of Health and Human Services

For 4 (17 percent) of 24 non-American Recovery and Reinvestment Act (Recovery Act) subawards tested that were awarded after October 1, 2010, the University of Texas M. D. Anderson Cancer Center (Cancer Center) did not obtain a DUNS number prior to making a subaward. The Cancer Center uses a pre-award process to document subrecipient information, including an entity’s DUNS number. However, the Cancer Center did not consistently apply that process.

Not obtaining a DUNS number could lead to improper reporting of federal funding on the Cancer Center’s Federal Funding Accountability and Transparency Act (FFATA) reports.

Corrective Action:

This finding was reissued as current year reference number: 2013-186.

Reference No. 13-173

Special Tests and Provisions – R3 – Subrecipient Monitoring

Research and Development Cluster – ARRA

Award years – September 1, 2009 to August 31, 2012 and September 1, 2010 to August 31, 2013

Award numbers – CFDA 93.701, Trans-NIH Recovery Act Research Support, 3R01CA138239-02-S1 and 5RC2DE020958-02 and CFDA 93.715, Recovery Act – Comparative Effectiveness Research – AHRQ, 1R18HS019354-01-A2

Type of finding – Significant Deficiency and Non-Compliance

The American Recovery and Reinvestment Act (Recovery Act) of 2009 required recipients to (1) agree to maintain records that identify adequately the source and application of Recovery Act awards; (2) separately identify to each subrecipient and document at the time of subaward and at the disbursement of funds the federal award number, Catalog of Federal Domestic Assistance number, and the amount of Recovery Act funds; and (3) require their subrecipients to include on their schedules of expenditures of federal awards information to specifically identify Recovery Act funding (Title 2, Code of Federal Regulations, Section 176.210).

Initial Year Written:	2012
Status:	Implemented
U.S. Department of Health and Human Services	

The University of Texas M. D. Anderson Cancer Center (Cancer Center) did not always notify subrecipients of required Recovery Act information at the time of award and disbursement of funds. Specifically:

- For 1 (7 percent) of 15 Recovery Act subawards tested, the Cancer Center did not identify required Recovery Act information to the subrecipient at the time of the disbursement of funds.
- For 2 (13 percent) of 15 Recovery Act subawards tested, the Cancer Center did not send the required notification of Recovery Act information at the time it made those subawards.

The Cancer Center uses an attachment to communicate Recovery Act information in its subawards, and it notifies subrecipients of Recovery Act information at the time of disbursement through emails. However, for the errors identified above, the Cancer Center did not consistently send those communications. Inadequate identification of Recovery Act information at the time of award and disbursement by the Cancer Center may lead to improper reporting of federal funds in a subrecipient’s schedule of expenditures of federal awards.

Corrective Action:

Corrective action was taken.

University of Texas Medical Branch at Galveston

Reference No. 13-174

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

Research and Development Cluster

Award years – September 13, 2010 to December 30, 2012 and September 4, 2003 to February 28, 2014

**Award numbers – CFDA 93.855, Allergy, Immunology and Transplantation Research, 2R44AI055225-03 and
5U54AI057156-09**

Type of finding – Significant Deficiency and Non-Compliance

Direct Costs

Allowable costs charged to federal programs must (1) be reasonable; (2) be allocable to sponsored agreements; (3) be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances; and (4) conform to any limitations or exclusions set forth in cost principles or in the sponsored agreement as to types or amounts of cost items (Title 2, Code of Federal Regulations (CFR), Section 220, Appendix A, C.2)

Initial Year Written: 2012
Status: Partially Implemented

U.S. Department of Health and
Human Services

One (2 percent) of 65 direct cost transactions tested at the University of Texas Medical Branch at Galveston (Medical Branch) was unallowable. The Medical Branch reimbursed \$11 in gratuity charges as part of a travel reimbursement. The gratuity charge was misidentified as a food expense during the travel reimbursement process. After auditors identified this issue, the Medical Branch removed the cost of the gratuity from the federal account and reduced a subsequent federal reimbursement request by the amount of the gratuity.

Recommendation:

The Medical Branch should establish and implement procedures to ensure that it does not charge unallowable costs to federal awards.

Management Response and Corrective Action Plan 2012:

Management agrees with the auditor's recommendation and will take steps to review and update our institutional travel procedures to ensure that unallowable costs are not charged to federal awards.

Management Response and Corrective Action Plan 2013:

The Accounts Payable and Travel sections of UTMB are currently reviewing and updating our institutional travel procedures to ensure that unallowable costs are not charged to federal awards. We have already implemented a process change for additional review by Accounts Payable of travel and expense reimbursements on federal funds.

Implementation Date: February 28, 2014

Responsible Person: Ken Hall

Indirect Costs

The negotiated rates for facilities and administration costs in effect at the time of the initial award shall be used throughout the life (each competitive segment of a project) of the sponsored agreement. If negotiated rate agreements do not extend through the life of the sponsored agreement at the time of the initial award, then the

negotiated rate for the last year of the sponsored agreement shall be extended through the end of the life of the sponsored agreement (Title 2, CFR, Part 220, Appendix A, Part G, Section 7(a)).

The Medical Branch charged an incorrect indirect cost rate for 2 (3 percent) of 60 indirect cost charges tested. That occurred because the Medical Branch entered an incorrect indirect cost rate into its financial system. As a result, the Medical Branch overcharged the federal award by \$1,854 during fiscal year 2012. After auditors identified this issue, the Medical Branch transferred the charges to an institutional account and reduced a subsequent federal reimbursement request by that amount.

Corrective Action:

Corrective action was taken.

Internal Service Charges

The costs of services provided by specialized service facilities operated by an institution are allowable if the costs of such services are charged directly to applicable awards based on actual usage of the services on the basis of a schedule of rates or established methodology that (1) does not discriminate against federally-supported activities of the institution, including usage by the institution for internal purposes, and (2) is designed to recover only the aggregate costs of the services. Service rates shall be adjusted at least biennially and shall take into consideration over/underapplied costs of the previous period(s) (Title 2, CFR, Section 220 Appendix A, J.47). Working capital reserves are generally considered excessive when they exceed 60 days of cash expenses for normal operations incurred for the period, exclusive of depreciation, capital costs, and debt principal costs (Office of Management and Budget Circular A-133 Compliance Supplement, Part 3, Section B).

The Medical Branch did not always ensure that the costs of the services its service centers provided were designed to recover only the aggregate costs of the services. For 2 (10 percent) of 20 service centers tested, working capital reserves exceeded 60 days of cash expenses. During fiscal year 2012, those two service centers had 767 and 839 days worth of cash expenses in working capital reserves. The Medical Branch could not provide evidence of a consistent process for reviewing and adjusting service centers' rates or reviewing service centers' working capital reserves. Maintaining excessive working capital reserves increases the risk that federal awards are not charged an equitable rate and that service centers recover more than the aggregate costs of the services.

Recommendation:

The Medical Branch should establish and implement policies and procedures to ensure that it reviews service center rates at least every two years and that service centers' working capital reserves do not exceed 60 days of cash expenses.

Management Response and Corrective Action Plan 2012:

Management agrees with the auditor's recommendation and will take steps to establish and implement policies and procedures to ensure a review of service center rates occur at least every two years and that service centers' working capital reserves do not exceed 60 days of cash expenses. A service center monitoring matrix has been developed for service centers. A monitoring plan will be developed. The Grants and Contracts Accounting, General Accounting and Budget and Analysis offices will monitor each service center on a bi-annual basis. The Budget and Analysis office will complete the Annual Service Center Compliance Report on an annual basis for the service centers reviewed in that fiscal year.

Management Response and Corrective Action Plan 2013:

A monitoring plan identifying risks and monitoring steps has been developed and implemented. Financial Accounting and Reporting has begun using the review process in conjunction with the review of reconciliations. Policy and procedures and monitoring matrix/plan are being developed. The Grants and Contracts Accounting, General Accounting and Budget and Analysis offices will monitor each service center on a bi-annual basis. The Budget and Analysis office will complete the Annual Service Center Compliance Report on an annual basis for the service centers reviewed in that fiscal year.

Implementation Date: February 28, 2014

Responsible Person: Glenita Segura

Reference No. 13-175

Equipment and Real Property Management

Research and Development Cluster

Award years – Unknown

Award numbers – Unknown

Type of finding – Significant Deficiency and Non-Compliance

A recipient’s property management standards for equipment acquired with federal funds and federally-owned equipment shall include all of the following: a description of the equipment; manufacturer’s serial number or other identification number; the source of the equipment, including the award number; whether title vests in the recipient or the federal government; acquisition date and cost; the percentage of federal participation in the cost of the equipment; location and condition of the equipment, unit acquisition cost; and ultimate disposition data for the equipment.

Initial Year Written:	2012
Status:	Partially Implemented
Federal Agencies that Provide R&D Awards	

A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment.

A control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented; if the equipment was owned by the federal government, the recipient shall promptly notify the federal awarding agency (Title 2, Code of Federal Regulations, Section 215.34 (f)).

The University of Texas Medical Branch at Galveston (Medical Branch) did not always maintain adequate property records or adequately safeguard its equipment. For 2 (3 percent) of 60 equipment items tested, the Medical Branch’s property records did not contain information on the ultimate disposition of the items. Specifically:

- For one item, the property records indicated that the item was in service; however, the Medical Branch had sold that item. The Medical Branch provided disposal documentation for that item after auditors identified this issue.
- For one item, the property records indicated that the item was in service, but the Medical Branch asserted that it had sold that item. However, the Medical Branch could not provide documentation showing that the item had been sold or the location of the item, and the item is now considered missing. There were no questioned costs associated with that item because the federal award the Medical Branch used to purchase that item was complete; as a result, the Medical Branch had ownership of that item.

At the time the Medical Branch disposed of those items, its process for the disposal of auctioned assets was to remove the asset tag from the item and send it to asset management accounting for entry into the asset management

system. However, that process was not always effective in ensuring that the Medical Branch adequately documented the disposal of equipment in its property records.

Without properly maintaining property records with ultimate disposition data, the Medical Branch cannot ensure that it adequately safeguards equipment, which increases the risk that assets may be unidentified, lost, or stolen.

Recommendations:

The Medical Branch should:

- Develop and implement processes to ensure that it maintains complete and accurate property records for equipment.
- Develop and implement controls to ensure that it has adequate safeguards to prevent loss, damage, or theft of equipment.

Management Response and Corrective Action Plan 2012:

UTMB concurs with the recommendation. The two (2) items in question were disposed of during FY 2010. During that time, communication of items disposed of via auction involved the physical transfer of property tags removed by Surplus Warehouse personnel to the Asset Management (AM) accounting group. The manual nature of this process provided opportunity for auctioned assets to remain on UTMB's property records post auction.

Since then, the process has been modified and controls strengthened. Currently, the Surplus Warehouse scans all asset tags that are disposed of and an electronic file is created and sent to Asset Management. The file is not only used to effectively communicate auctioned assets, but also to appropriately and timely remove the assets from the property records. Tags being misplaced in transit from the Surplus Warehouse are no longer an issue and Asset Management no longer relies upon physical inventory tags to initiate manual asset processing.

Management Response and Corrective Action Plan 2013:

Asset Management will review the Asset Management Handbook to ensure there is verbiage related to the return of equipment under a warranty. Any updates will be communicated to the asset custodians.

Implementation Date: February 2014

Responsible Person: Craig Ott

Reference No. 13-176

Special Tests and Provisions – R3 – Subrecipient Monitoring

Research and Development Cluster – ARRA

Award years – August 1, 2010 to July 31, 2012; August 1, 2009 to July 31, 2012; and July 1, 2011 to June 30, 2013

Award numbers – CFDA 93.701, Trans-NIH Recovery Act Research Support, 7U01AI082197-02, 5U01AI082202-02, 5U01AI082103-02, and 5U01AI082960-02

Type of finding – Significant Deficiency and Non-Compliance

The American Recovery and Reinvestment Act (Recovery Act) of 2009 required recipients to (1) agree to maintain records that identify adequately the source and application of Recovery Act awards; (2) separately identify to each subrecipient, and document at the time of subaward and at the disbursement of funds, the federal award number, Catalog of Federal Domestic Assistance (CFDA) number, and the amount of Recovery Act funds; and (3) require their subrecipients to include on their schedules of expenditures of federal awards information to specifically identify Recovery Act funding (Title 2, Code of Federal Regulations, Section 176.210).

Initial Year Written:	2012
Status:	Implemented
U.S. Department of Health and Human Services	

The University of Texas Medical Branch at Galveston (Medical Branch) did not send all of the required notifications at the time of disbursement of funds to all six of its Recovery Act subrecipients that received disbursements during fiscal year 2012. The Medical Branch sent letters to its subrecipients with each disbursement that included the amount of Recovery Act funds disbursed; however, the letters did not include all of the required Recovery Act information, including the federal award number and the CFDA number. Inadequate identification of Recovery Act awards and disbursements by the Medical Branch may lead to improper reporting of federal funds in subrecipients' schedules of expenditures of federal awards.

Corrective Action:

Corrective action was taken.

Reference No. 13-177

Period of Availability of Federal Funds

CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Award year – September 13, 2008

Award number – FEMA-1791-DR

Type of finding – Significant Deficiency and Non-Compliance

When a funding period is specified, a recipient may charge to a grant only allowable costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the federal awarding agency (Title 2, Code of Federal Regulations (CFR), Section 215.28). Unless the federal awarding agency authorizes an extension, a recipient shall liquidate all obligations incurred under the award not later than 90 calendar days after the funding period or the date of completion as specified in the terms and conditions of the award or in agency implementing instructions (Title 2, CFR, Section 215.71(b)).

Initial Year Written:	2012
Status:	Implemented
U.S. Department of Homeland Security	

The Federal Emergency Management Agency (FEMA) enters into an agreement with the State of Texas (State) for each federally declared disaster. That agreement outlines requirements and responsibilities related to the funds provided by the federal government for the disaster. As specified in the FEMA-State Agreement for Hurricane Ike, each approved project must be completed within the time period described in FEMA regulations and documents. Additionally, the State Administrative Plan for Hurricane Ike establishes project time limitations of 6 months for work classified as emergency work and 18 months for work classified as permanent work. Time limitations can be extended in 6-month increments by request to the Texas Division of Emergency Management or FEMA.

The University of Texas Medical Branch at Galveston (Medical Branch) charged costs to the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program outside of the performance period established in the project worksheets for the applicable projects. Specifically, for 36 (60 percent) of 60 transactions tested that were recorded after the end of the performance period listed in the Medical Branch's tracking system, the Medical Branch incurred the associated expense after the end of the performance period established in the approved project worksheet. Specifically:

- For three of those transactions, the Medical Branch requested a project extension after the performance period had expired for the applicable projects. However, at the time it incurred the expenses associated with those transactions, the Medical Branch had not received a letter approving an extension. The Medical Branch subsequently provided evidence that it had received an extension, but it could not provide evidence of when that extension was approved. Because the evidence of an extension covered the dates of those transactions, there were no questioned costs associated with those transactions.
- For the remaining 33 transactions, the Medical Branch was unable to provide evidence that it had received a project extension. As a result, those transactions were unallowable because the associated expenses were incurred outside of the performance period. This resulted in \$16,396 in questioned costs associated with award FEMA-1791-DR.

In addition, for 28 of the transactions that the Medical Branch incurred after the performance period, it also liquidated those obligations more than 90 days after the end of the period.

The Medical Branch's process is to request project extensions every six months; however, it did not consistently request extensions for the projects discussed above. Additionally, the Medical Branch has not developed controls to prevent it from charging costs to its federal account for Hurricane Ike after it has reached the end of the period of performance for each project.

Corrective Action:

Corrective action was taken.

University of Texas at San Antonio

Reference No. 13-178

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

Research and Development Cluster

Award year – July 1, 2011 to December 31, 2011

Award number – CFDA 47.041, Engineering Grants, IIP-1110189

Type of finding – Significant Deficiency

Allowable costs must be reasonable, allocable to sponsored agreements, and treated consistently. A cost is allocable to a sponsored agreement if it is incurred solely to advance the work under the sponsored agreement or it benefits both the sponsored agreement and other work at the institution, in proportions that can be approximated through reasonable methods (Title 2, Code of Federal Regulations, Section 220, Appendix A, (C)(2-4(a))). Any costs allocable to a particular sponsored agreement may not be shifted to other sponsored agreements in order to meet deficiencies caused by overruns or other fund considerations, to avoid restrictions imposed by law or by terms of the sponsored agreement, or for other reasons of convenience (Title 2, Code of Federal Regulations, Section 220, Appendix A, (C)(4)(b)).

Initial Year Written:	2012
Status:	Implemented
National Science Foundation	

The University of Texas at San Antonio (University) charged non-federal expenditures to a federal grant account but subsequently corrected that error. Specifically, for 2 (3 percent) of 60 transfers tested, the University charged non-federal expenditures totaling \$863 to a federal grant account while waiting for an institutional account to be established for fiscal year 2012. The University transferred the non-federal charges from the federal grant account to the institutional account after the institutional account was established. The two expenditures were part of a larger transaction that included 13 additional non-federal expenditures totaling \$6,898 that were originally charged to the federal grant account while waiting for the institutional account to be established. The University did not charge indirect costs on the 15 expenditures and did not request reimbursement for those 15 expenditures. Those errors occurred because the University incorrectly approved those expenditures when they were not associated with a federal grant.

Without the proper levels of review and approval, there is a risk that inappropriate and unallowable expenditures could be charged to federal grants.

Corrective Action:

Corrective action was taken.

Reference No. 13-179

Special Tests and Provisions – R3 – Subrecipient Monitoring

Research and Development Cluster – ARRA

Award years – August 1, 2009 to July 31, 2013; August 15, 2009 to September 30, 2013; and August 1, 2009 to January 31, 2012

Award numbers – CFDA 47.082, Trans-NSF Recovery Act Research Support, CNS-0855247 and HRD 0932339 and CFDA 16.808, Recovery Act – Edward Byrne Memorial Competitive Grant Program, 2009-SC-B9-0101

Type of finding – Significant Deficiency and Non-Compliance

The American Recovery and Reinvestment Act (Recovery Act) of 2009 required recipients to (1) agree to maintain records that identify adequately the source and application of Recovery Act awards; (2) separately identify to each subrecipient, and document at the time of subaward and at the disbursement of funds, the federal award number, Catalog of Federal Domestic Assistance (CFDA) number, and the amount of Recovery Act funds; and (3) require their subrecipients to include on their schedules of expenditures of federal awards information to specifically identify Recovery Act funding (Title 2, Code of Federal Regulations, Section 176.210).

Initial Year Written:	2012
Status:	Implemented
National Science Foundation U.S. Department of Justice	

The University of Texas at San Antonio (University) did not send the required notifications at the time of disbursement of funds to all four Recovery Act subrecipients to which it made disbursements during fiscal year 2012. The University did not have a process to ensure that it sent those notifications when it disbursed funds. Without receiving notifications at the proper time, subrecipients could report inaccurate Recovery Act expenditures.

Corrective Action:

Corrective action was taken.

University of Texas Southwestern Medical Center

Reference No. 12-186

Equipment and Real Property Management

Activities Allowed or Unallowed

Allowable Costs/Cost Principles

Cash Management

Period of Availability of Federal Funds

Procurement and Suspension and Debarment

Special Tests and Provisions – Key Personnel

Special Tests and Provisions – Indirect Cost Limitation

Special Tests and Provisions – R1- Separate Accountability for ARRA Funding

Special Tests and Provisions – R2- Presentation on the Schedule of Expenditures of Federal Awards and Data Collection Form

(Prior Audit Issue 11-188)

Research and Development Cluster

Award years – Multiple

Award numbers – Multiple

Type of finding – Significant Deficiency and Non-Compliance

Equipment and Property Records

A recipient's equipment records for equipment acquired with federal funds and federally-owned equipment should be maintained accurately and include all of the following: a description of the equipment; manufacturer's serial number or other identification number, the source of the equipment, including the award number; whether title vests in the recipient or the federal government; acquisition date and cost; the percentage of federal participation in the cost of the equipment; location and condition of the equipment; unit acquisition cost; and ultimate disposition data for the equipment (Title 2, Code of Federal Regulations, Section 215.34 (f)).

Initial Year Written:	2010
Status:	Implemented
U.S. Department of Health and Human Services	

The University of Texas Southwestern Medical Center at Dallas (Medical Center) did not maintain complete and accurate property records for 4 (7 percent) of 60 equipment items tested. Specifically:

- For one item, the Medical Center recorded an incorrect serial number in its property records.
- For three items, the Medical Center did not record the serial numbers in its property records.

The Medical Center tracks serial numbers as it enters information about equipment into its inventory management system; however, it did not always enter the serial numbers into that system. Not maintaining complete and accurate property records could result in non-traceable missing, lost, or stolen equipment.

Corrective Action:

Corrective action was taken.

Water Development Board

Reference No. 13-180

Allowable Costs/Cost Principles

CFDA 66.458 – Capitalization Grants for Clean Water State Revolving Funds

CFDA 66.458 – Capitalization Grants for Clean Water State Revolving Funds – ARRA

Award years – October 1, 2009 to August 31, 2014; June 6, 2011 to August 31, 2015; and October 1, 2008 to August 31, 2014

Award numbers – CS-48000210, CS-48000211, and 2W-96692401

CFDA 66.468 – Capitalization Grants for Drinking Water State Revolving Funds

CFDA 66.468 – Capitalization Grants for Drinking Water State Revolving Funds – ARRA

Award years – September 20, 2006 to September 15, 2013; January 1, 2008 to December 31, 2014; September 1, 2009 to August 31, 2014; September 1, 2010 to August 31, 2015; September 1, 2011 to August 31, 2016; and February 1, 2009 to August 31, 2014

Award numbers – FS-99679510, FS-99679511, FS-99679513, FS-99679514, FS-99679515, and 2F-96692301

Type of finding – Significant Deficiency

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

Initial Year Written: 2012
Status: Implemented

U.S. Environmental Protection Agency

The Water Development Board (Board) has not implemented adequate logical access controls for its automated timekeeping system, the electronic Time Sheet Solution (eTSS). This increases the risk of unauthorized system access and could result in the compromise of data.

Corrective Action:

Corrective action was taken.

Reference No. 13-181

Reporting

CFDA 66.458 – Capitalization Grants for Clean Water State Revolving Funds

Award year – June 6, 2011 to August 31, 2015

Award number – CS-48000211

Type of finding – Significant Deficiency and Non-Compliance

Transparency Act Reporting

The Federal Funding Accountability and Transparency Act (FFATA) requires prime recipients of federal awards made on or after October 1, 2010, to capture and report subaward and executive compensation data regarding first-tier subawards that exceed \$25,000. A subaward is defined as a legal instrument to provide support for the performance of any portion of the substantive project or program for which a recipient received a grant or cooperative agreement award and that is awarded to an eligible subrecipient (Title 2, Code of Federal Regulations (CFR), Chapter 170).

Initial Year Written: 2012
Status: Implemented

U.S. Environmental Protection Agency

Additionally, recipients must report all required elements established in the Office of Management and Budget's *Open Government Directive- Federal Spending Transparency and Subaward and Compensation Data Reporting* (August 27, 2010), Appendix C, including the subaward date, subawardee Dun and Bradstreet Data Universal Numbering System (DUNS) number, amount of subaward, subaward obligation or action date, date of report submission, and subaward number.

For 1 (14 percent) of 7 subaward projects tested for which the Water Development Board (Board) was required to submit FFATA reports, the Board did not accurately report the subaward number. That occurred because of a data input error that occurred when the Board entered the information into the FFATA Subaward Reporting System (FSRS).

The Board did not have a control, such as a review prior to submission, to ensure that all information it reported in FSRS was accurate.

Additionally, the Board performs a reconciliation to ensure that all subawards that require reports are identified; however, it did not perform that reconciliation on a monthly basis, as required by its procedures. Performing those reconciliations on a monthly basis could help to ensure compliance with the requirement to report subaward information through FSRS by the end of the month following the month in which the subaward was signed. Although auditors did not identify compliance issues regarding the timeliness of reports during testing, not reconciling subaward information increases the risk that the Board may not submit all required reports in a timely manner.

Reporting inaccurate information to FSRS decreases the reliability of information provided to the awarding agency and other intended users of that information.

Corrective Action:

Corrective action was taken.

Reference No. 13-182

**Procurement and Suspension and Debarment
Subrecipient Monitoring**

(Prior Audit Issue 12-191)

CFDA 66.468 – Capitalization Grants for Drinking Water State Revolving Funds

CFDA 66.468 – Capitalization Grants for Drinking Water State Revolving Funds – ARRA

Award years – September 20, 2006 to September 15, 2013; January 1, 2008 to December 31, 2014; September 1, 2009 to August 31, 2014; September 1, 2010 to August 31, 2015; September 1, 2011 to August 31, 2016; and February 1, 2009 to August 31, 2014

Award numbers – FS-99679510, FS-96679511, FS-99679513, FS-99679514, FS-99679515, and 2F-96692301

Type of finding – Significant Deficiency and Non-Compliance

Subrecipient Suspension and Debarment

Federal rules require that, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (Title 2, Code of Federal Regulations (CFR), Section 180.300).

Covered transactions include procurement contracts for goods and services awarded under a nonprocurement transaction that are expected to equal or exceed \$25,000 (Title 2, CFR, Section 180.220) and all nonprocurement transactions (i.e., subawards to subrecipients) irrespective of award amount (Title 2, CFR, Section 180.210).

Initial Year Written:	2011
Status:	Implemented
U.S. Environmental Protection Agency	

For 1 (8 percent) of 13 subrecipients tested, the Water Development Board (Board) could not provide evidence that the subrecipient had certified that it was not suspended or debarred. The Board asserted that, although it received the certification form from the subrecipient, it did not retain the form due to a manual error. Auditors determined that the subrecipient was not currently suspended or debarred by checking the EPLS.

WATER DEVELOPMENT BOARD

When the Board does not maintain evidence of its verification that subrecipients are not suspended or debarred, this increases the risk that it could enter into an agreement with a subrecipient that is not eligible to receive federal funding.

Award Identification

As a pass-through entity, the Board is required by Office of Management and Budget (OMB) Circular A-133, Subpart D, Section 400(d), and the OMB Circular A-133 Compliance Supplement Part 3, Section M, to identify to the subrecipient, at the time of the subaward, the federal award information, including the Catalog of Federal Domestic Assistance (CFDA) title and number, award name and number, whether the award is research and development, name of federal awarding agency, and applicable compliance requirements.

The Board was unable to provide evidence that it communicated the CFDA number and other required information to 1 (8 percent) of 13 subrecipients tested. Although the Board sent an award letter to the subrecipient at the time of commitment, that letter did not contain the CFDA title and number or the award name and number. The Board asserted it changed the award letter template in fiscal year 2011 to include the CFDA title and number and the award name and number and that it sent an award letter to that subrecipient prior to making those changes. Auditors did not identify similar errors for awards tested after the beginning of fiscal year 2011.

Inadequate identification of federal awards could lead to improper reporting of federal funding on a subrecipient's schedule of expenditures of federal awards.

During-the-award Monitoring

As a pass-through entity, the Board is required by OMB Circular A-133, Subpart D, Section 400(d), to monitor the activities of subrecipients to ensure that federal awards are used in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

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

The Board conducts monthly onsite inspections of subrecipients to monitor compliance with requirements related to projects in the construction phase. Based on the Board's policy, individuals in its Inspection and Field Support Division conduct those inspections, and a team lead in that division reviews the inspection reports.

For 3 (23 percent) of 13 subrecipients tested, the Board was unable to provide evidence that a team lead reviewed inspection reports. The Board asserted that, due to limitations in its Inspection and Field Support Services database, the Board did not consistently require review of inspection reports when the inspection was conducted by a field office manager or team lead. Although this lack of review increases the risk that the Board may not detect subrecipient non-compliance with federal requirements, auditors identified no compliance issues regarding the Board's inspection activities for the subrecipients tested.

Corrective Action:

Corrective action was taken.

WATER DEVELOPMENT BOARD

Reference No. 13-183

Reporting

CFDA 97.110 – Severe Repetitive Loss Program

Award years – September 12, 2011 to February 28, 2015 and June 25, 2012 to June 24, 2015

Award numbers – EMT-2011-SR-0002 and EMT-2012-SR-0001

Type of finding – Significant Deficiency and Non-Compliance

Transparency Act Reporting

The Federal Funding Accountability and Transparency Act (FFATA) requires prime recipients of federal awards made on or after October 1, 2010, to capture and report subaward and executive compensation data regarding first-tier subawards that exceed \$25,000. A subaward is defined as a legal instrument to provide support for the performance of any portion of the substantive project or program for which a recipient received a grant or cooperative agreement award and that is awarded to an eligible subrecipient (Title 2, Code of Federal Regulations, Chapter 170).

Initial Year Written:	2012
Status:	Implemented

U.S. Department of Homeland Security	
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Additionally, recipients must report all required elements established in the Office of Management and Budget's *Open Government Directive- Federal Spending Transparency and Subaward and Compensation Data Reporting* (August 27, 2010), Appendix C, including the subaward date, subawardee Dun and Bradstreet Data Universal Numbering System (DUNS) number, amount of subaward, subaward obligation or action date, date of report submission, and subaward number.

The Water Development Board (Board) did not always submit reports to the FFATA Subaward Reporting System (FSRS) in a complete and timely manner as required. Specifically:

- For 1 (14 percent) of 7 subaward projects tested for which the Board was required to submit reports, the Board did not submit the required report to FSRS. Although the Board correctly identified that a FFATA report was required for that project, it did not have a control to ensure that it submitted the required report.
- For all 6 subaward projects tested for which the Board did submit FFATA reports to FSRS, the Board did not submit the reports within the required time frame. Specifically, the Board submitted those reports between 8 and 99 days late. Those errors occurred because the Board did not have a control to ensure that it submitted reports within the required time frame.

In addition, while auditors identified no compliance issues regarding the accuracy of required reports during testing, the Board did not have a formal, documented control to ensure that all information it reported in FSRS was accurate.

Not submitting all required reports to FSRS in a complete and timely manner decreases the reliability and availability of information provided to the awarding agency and other users of that information.

Corrective Action:

Corrective action was taken.

WATER DEVELOPMENT BOARD

Reference No. 13-184

Subrecipient Monitoring

CFDA 97.110 – Severe Repetitive Loss Program

Award years – September 11, 2008 to September 10, 2013; September 8, 2009 to May 13, 2013; and September 12, 2011 to February 28, 2015

Award numbers – EMT-2008-SR-0001, EMT-2009-SR-0002, and EMT-2011-SR-0002

Type of finding – Significant Deficiency and Non-Compliance

Subrecipient Audits

According to Office of Management and Budget (OMB) Circular A-133, the Water Development Board (Board) must ensure that each subrecipient expending federal funds in excess of \$500,000 obtain an OMB Circular A-133 Single Audit and provide a copy of the audit report to the Board within nine months of the subrecipient's fiscal year end (OMB Circular A-133, Sections 320 and 400). In addition, the Board must issue a management decision on audit findings within six months after receipt of a subrecipient's audit report (OMB Circular A-133, Section 400). In cases of continued inability or unwillingness of a subrecipient to obtain the required audits, the Board must take appropriate action using sanctions (OMB Circular A-133, Section 225).

Initial Year Written:	2012
Status:	Implemented

U.S. Department of Homeland Security	
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The Board did not effectively monitor or enforce subrecipient compliance with the requirement to obtain Single Audits. Prior to August 2012, the Board did not have a process to determine whether subrecipients for the Severe Repetitive Loss Program were subject to Single Audit requirements; therefore, it did not review those subrecipients' Single Audit reports. After auditors inquired about the Board's process for reviewing those subrecipients' Single Audits reports, the Board began monitoring those subrecipients' compliance with the requirement to obtain a Single Audit.

For 5 (63 percent) of 8 subrecipients tested, the Board completed its review of the subrecipients' Single Audit reports between August 28, 2012, and August 29, 2012. For all five of those subrecipients, the Single Audit reports (or the subrecipients' certification that no audit was required) were provided to the Board more than nine months after the end of the subrecipients' fiscal years. The Board had previously reviewed the Single Audit reports for the remaining three subrecipients tested because those subrecipients received federal funds for other programs the Board administers.

Not ensuring that subrecipients obtain Single Audits and not following up on deficiencies noted in subrecipients' Single Audit reports increases the risk that deficiencies could go unaddressed.

During-the-award Monitoring

OMB Circular A-133, Subpart D, Section 400(d), requires the Board to monitor the activities of subrecipients to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved. Pass-through entities must ensure that subrecipients conform substantially to the same standards of timing and amount that apply to cash advances by federal agencies (Title 44, Code of Federal Regulations (CFR), Section 13.37 (a)(4)). Additionally, grantees and subgrantees must promptly, but at least quarterly, remit interest earned on advances to the federal agency. The grantee or subgrantee may keep interest amounts up to \$100 per year for administrative expenses (Title 44, CFR, Section 13.21(i)).

For all three subrecipients tested that received advances of federal funds, the Board did not monitor the interest the subrecipients earned. The Board has not established a process to monitor subrecipients that may be required to return interest or to ensure that subrecipients remit interest in a timely manner. As a result, the Board drew funds on an advance basis for subrecipients, but it did not determine whether interest associated with those advances was due.

When the Board does not monitor interest earned on advances of federal funds to subrecipients, that increases the risk that subrecipients may not remit interest as required.

Corrective Action:

Corrective action was taken.