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Federal Portion of the Statewide Single Audit Report For the Fiscal Year Ended August 31, 2005

State Auditor's Office
John Keel, CPA
State Auditor

Table of Contents

Independent Auditors' Report on the Schedule of Expenditures of Federal Awards 1

Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 2

Schedule of Expenditures of Federal Awards 15

Notes to Schedule of Expenditures of Federal Awards 88

Schedule of Findings and Questioned Costs

Section 1:
Summary of Auditors' Results 92

Section 2:
Financial Statement Findings 95

Section 3a:
Federal Award Findings and Questioned Costs - KPMG 96

Section 3b:
Federal Award Findings and Questioned Costs - Other Auditors 153

Summary of Schedule of Prior Audit Findings - KPMG 210

Summary of Schedule of Prior Audit Findings - Other Auditors 270

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Independent Auditors' Reports

Federal Portion of
Statewide Single Audit Report

For the Year Ended August 31, 2005

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State Auditor's Office
John Keel, CPA
State Auditor

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

The Honorable Rick Perry, Governor
The Honorable Carole Keeton Strayhorn, Comptroller of Public Accounts
The Honorable David Dewhurst, Lieutenant Governor
The Honorable Tom Craddick, Speaker of the House of Representatives
and
Members of the Legislature, State of Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the State of Texas as of and for the year ended August 31, 2005, and have issued our report thereon dated February 21, 2006.

Our audit was made for the purpose of forming opinions on the basic financial statements that collectively comprise the State of Texas's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the 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 it is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

John Keel, CPA
State Auditor

February 21, 2006

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Independent Auditors' Report
on Compliance With Requirements Applicable to
Each Major Program and on Internal Control Over Compliance
in Accordance With OMB Circular A-133

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

Compliance

We have audited the compliance of the State of Texas (the State) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2005, except those requirements discussed in the sixth following paragraph. We also did not audit the State's compliance with compliance requirements applicable to the Student Financial Assistance Cluster and the Research and Development Cluster, which is approximately 11.8% of total federal assistance received by the State. The State's major Federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. The Student Financial Assistance Cluster and the Research and Development Cluster are identified in the accompanying Schedule of Findings and Questioned Costs as major Federal programs and were audited by another auditor whose report has been furnished to us. Our opinion, insofar as it relates to the Student Financial Assistance Cluster and the Research and Development Cluster, is based solely on the report of the other auditor. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the State's management. Our responsibility is to express an opinion on the State's compliance based on our audit.

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

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

We were unable to obtain sufficient documentation supporting the compliance of the State for the program compliance requirements listed below nor were we able to satisfy ourselves as to the State's compliance with those requirements by other auditing procedures. These program's compliance requirements were:

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member firm of KPMG International, a Swiss cooperative.

Agency/University	Program	Compliance Requirement	Finding Number
Department of Housing and Community Affairs	CFDA 14.871 - Section 8 Housing Choice Vouchers	Special Tests and Provisions	06-19

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

Agency/University	Program	Compliance Requirement	Finding Number
Department of Aging and Disability Services	CFDA 93.667 - Social Services Block Grant	Allowable Costs/Cost Principles	06-02
Department of Family and Protective Services	CFDA 93.658 - Foster Care - Title IV-E	Eligibility	06-09
Health and Human Services Commission	CFDA 93.558 - Temporary Assistance for Needy Families	Equipment and Real Property management	06-11
	CFDA 93.558 - Temporary Assistance for Needy Families Food Stamp Cluster	Procurement and Suspension and Debarment	06-13
Health and Human Services Commission and Department of Family and Protective Services	CFDA 93.556 - Promoting Safe and Stable Families CFDA 93.558 - Temporary Assistance for Needy Families CFDA 93.658 - Foster Care - Title IV-E CFDA 93.667 - Social Services Block Grant	Procurement and Suspension and Debarment	06-14
Health and Human Services Commission and Department of State Health Services	CFDA 93.217 - Family Planning Services CFDA 93.268 - Immunization Grants CFDA 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance CFDA 93.667 - Social Services Block Grant CFDA 93.889 - National Bioterrorism Hospital Preparedness Program CFDA 93.917 - HIV Care Formula Grants	Subrecipient Monitoring	06-16

Agency/University	Program	Compliance Requirement	Finding Number
Health and Human Services Commission and Department of State Health Services	CFDA 93.940 - HIV Prevention Activities - Health Department Based CFDA 93.959 - Block Grants for Prevention and Treatment of Substance Abuse CFDA 93.977 - Preventive Health Services - Sexually Transmitted Diseases Control	(continued)	06-16
Department of Public Safety	CFDA 97.039 - Hazard Mitigation Grant	Cash Management	06-23
Texas Cooperative Extension	CFDA 10.500 - Cooperative Extension Grant	Equipment and Real Property Management	06-33
Tarleton State University	Student Financial Assistance Cluster	Special Tests and Provisions	06-41
Texas A&M University – Commerce	Student Financial Assistance Cluster	Special Tests and Provisions	06-44
Texas Tech University	Student Financial Assistance Cluster	Reporting	06-50
University of Texas – Pan America	Student Financial Assistance Cluster	Reporting	06-75
University of Texas at San Antonio	Student Financial Assistance Cluster	Special Tests and Provisions	06-80

In our opinion, based on our audit and the report of other auditors, except for the noncompliance described in the preceding paragraph and except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the State's compliance with the requirements described in the second preceding paragraph, the State complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended August 31, 2005, other than those requirements discussed in the following paragraph. The results of our auditing procedures and the report of other auditors also disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items:

Agency/University	Program	Compliance Requirement	Finding Number
Department of Aging and Disability Services	CFDA 93.667 - Social Services Block Grant Medicaid Cluster	Allowable Costs/Cost Principles	06-01
Department of Assistive and Rehabilitative Services	CFDA 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States	Allowable Costs/Cost Principles	06-03
	CFDA 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States	Eligibility	06-04
Department of Family and Protective Services	CFDA 93.556 - Promoting Safe and Stable Families CFDA 93.558 - Temporary Assistance for Needy Families CFDA 93.658 - Foster Care - Title IV - E CFDA 93.659 - Adoption Assistance CFDA 93.667 - Social Services Block Grant	Allowable Costs/Cost Principles	06-05
	CFDA 93.556 - Promoting Safe and Stable Families CFDA 93.558 - Temporary Assistance for Needy Families CFDA 93.658 - Foster Care - Title IV - E CFDA 93.659 - Adoption Assistance CFDA 93.667 - Social Services Block Grant	Allowable Costs/Cost Principles	06-06
	CFDA 93.659 - Adoption Assistance	Eligibility	06-07
	CFDA 93.556 - Promoting Safe and Stable Families	Earmarking	06-08
Health and Human Services Commission	CFDA 93.558 - Temporary Assistance for Needy Families Food Stamp Cluster Medicaid Cluster	Allowable Costs/Cost Principles	06-12

Agency/University	Program	Compliance Requirement	Finding Number
Health and Human Services Commission and Department of State Health Services	CFDA 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) CFDA 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance CFDA 93.977 - Preventive Health Services - Sexually Transmitted Diseases Control Grants	Procurement and Suspension and Debarment	06-15
Department of Housing and Community Affairs	CFDA 14.239 - HOME Investment Partnership Program	Allowable Costs/Cost Principles	06-17
	CFDA 14.871 - Section 8 Housing Choice Voucher Program	Reporting	06-18
Juvenile Probation Commission	CFDA 93.658 - Foster Care - Title IV - E	Subrecipient Monitoring	06-21
	CFDA 93.658 - Foster Care - Title IV - E	Cash Management	06-22
Department of Public Safety	CFDA 97.039 - Hazard Mitigation Grant	Reporting	06-24
	CFDA 97.039 - Hazard Mitigation Grant	Subrecipient Monitoring	06-25
Department of State Health Services	CFDA 93.917 - HIV Care Formula Grants	Eligibility	06-26
	CFDA 93.917 - HIV Care Formula Grants	Reporting	06-27
	CFDA 93.959 - Block Grants for Prevention and Treatment of Substance abuse	Special Tests and Provisions	06-30
	CFDA 93.977 - Preventive Health Services - Sexually Transmitted Diseases Control Grant	Allowable Costs/Cost Principles	06-31
	CFDA 93.283 - Centers for Disease Control and Prevention - Investigation and Technical Assistance	Subrecipient Monitoring	06-32

Agency/University	Program	Compliance Requirement	Finding Number
Texas Engineering Extension Service	Homeland Security Cluster	Period of Availability	06-36
	Homeland Security Cluster	Reporting	06-37
	Homeland Security Cluster	Subrecipient Monitoring	06-38
Texas Workforce Commission	CFDA 17.245 - Trade Adjustment Assistance - Workers	Eligibility	06-39
	CFDA 17.245 - Trade Adjustment Assistance - Workers	Reporting	06-40
Texas A&M University – College Station	Student Financial Assistance Cluster	Special Tests and Provisions	06-42 06-43
Texas Higher Education Coordinating Board	Student Financial Assistance Cluster	Special Tests and Provisions	06-45 06-46 06-47 06-48 06-49
Texas Tech University	Student Financial Assistance Cluster	Special Tests and Provisions	06-51
University of Houston	Student Financial Assistance Cluster	Reporting	06-52
		Special Tests and Provisions	06-53
	Research and Development Cluster	Cash Management	06-54
		Procurement and Suspension and Debarment	06-55
University of Houston – Clear Lake	Student Financial Assistance Cluster	Special Tests and Provisions	06-57
University of North Texas	Student Financial Assistance Cluster	Reporting	06-58
		Special Tests and Provisions	06-59
University of North Texas Health Science Center at Fort Worth	Research and Development Cluster	Procurement and Suspension and Debarment	06-60

Agency/University	Program	Compliance Requirement	Finding Number
University of Texas at Austin	Student Financial Assistance Cluster	Special Tests and Provisions	06-61 06-62
	Research and Development Cluster	Procurement and Suspension and Debarment	06-64
		Subrecipient Monitoring	06-65
University of Texas at Dallas	Student Financial Assistance Cluster	Special Tests and Provisions	06-67
University of Texas Health Science Center at Houston	Research and Development Cluster	Procurement and Suspension and Debarment	06-69
		Subrecipient Monitoring	06-70
University of Texas Medical Branch at Galveston	Research and Development Cluster	Allowable Costs/Cost Principles Cash Management Matching Period of Availability Reporting	06-71
		Equipment and Real Property Management	06-72
		Procurement and Suspension and Debarment	06-73
		Subrecipient Monitoring	06-74
University of Texas at San Antonio	Student Financial Assistance Cluster	Eligibility	06-76 06-77
		Reporting	06-78
		Special Tests and Provisions	06-79
University of Texas Southwestern Medical Center at Dallas	Research and Development Cluster	Procurement and Suspension and Debarment	06-82 06-83

The other auditors did not audit compliance with requirements governing billing and collection of Perkins loans for certain portions of the State. Those requirements govern functions that are performed by Affiliated Computer Services, Inc. (ACS) and Campus Partners. Since the other auditors did not apply auditing procedures to satisfy themselves as to compliance with those requirements, the scope of their work was not sufficient to enable them to express, and the other auditors do not express, an opinion on compliance with those requirements.

The service organizations' compliance with the requirements governing the functions that they perform was examined by other accountants whose reports have been furnished to the other auditors. The reports of the other accountants indicate that compliance with those requirements was examined in accordance with the Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Based on the other auditors review of the service organization accountants' reports, the other auditors have determined that all of the compliance requirements included in the *Compliance Supplement* that are applicable to the Student Financial Assistance Cluster major program are addressed in either their report or the report of the respective service organization's accountants. Further, based on the other auditors review of the service organization accountants' reports, the other auditors have determined that they do not contain any findings of noncompliance that would have a direct and material effect on the Student Financial Assistance Cluster major program.

Internal Control Over Compliance

The management of the State is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing the audit, we and the other auditors considered the State's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Requirements governing billing and collection of Perkins loans are performed by the service organizations noted above. Internal control over compliance relating to such functions was reported on by other accountants in accordance with the Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Copies of the service organizations accountants' reports have been furnished to the other auditors. However, the scope of the other auditors work did not extend to internal control maintained at the respective service organizations as noted above.

We and the other auditors noted certain matters involving the internal control over compliance and its operation that we and the other auditors consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our and the other auditors judgment, could adversely affect the State's ability to administer a major Federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs, and are listed below, excluding those reportable conditions we also consider to be material weaknesses:

Agency/University	Program	Compliance Requirement	Finding Number
Department of Aging and Disability Services	CFDA 93.667 - Social Services Block Grant	Allowable Costs/Cost Principles	06-02
Department of Assistive and Rehabilitative Services	CFDA 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States	Allowable Costs/Cost Principles	06-03
Department of Family and Protective Services	CFDA 93.556 - Promoting Safe and Stable Families CFDA 93.558 - Temporary Assistance for Needy Families CFDA 93.658 - Foster Care - Title IV - E	Allowable Costs/Cost Principles	06-06

Agency/University	Program	Compliance Requirement	Finding Number
Department of Family and Protective Services	CFDA 93.659 - Adoption Assistance CFDA 93.667 - Social Services Block Grant	(continued)	06-06
	CFDA 93.659 - Adoption Assistance	Eligibility	06-07
	CFDA 93.556 - Promoting Safe and Stable Families	Earmarking	06-08
	CFDA 93.658 - Foster Care - Title IV - E	Eligibility	06-09
Health and Human Services Commission	Medicaid Cluster	Matching, Level of Effort, Earmarking	06-10
Health and Human Services Commission and Department of Family and Protective Services	CFDA 93.556 - Promoting Safe and Stable Families CFDA 93.558 - Temporary Assistance for Needy Families CFDA 93.658 - Foster Care - Title IV - E CFDA 93.667 - Social Services Block Grant	Procurement and Suspension and Debarment	06-14
Health and Human Services Commission and Department of State Health Services	CFDA 10.557 - Special Supplemental Nutrition for Women, Infants, and Children CFDA 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance CFDA 93.977 - Preventive Health Services - Sexually Transmitted Diseases Control Grants	Procurement and Suspension and Debarment	06-15
	CFDA 93.217 - Family Planning Services CFDA 93.268 - Immunization Grants CFDA 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance CFDA 93.667 - Social Services Block Grant CFDA 93.889 - National Bioterrorism Hospital Preparedness Program	Subrecipient Monitoring	06-16

Agency/University	Program	Compliance Requirement	Finding Number
Health and Human Services Commission and Department of State Health Services	CFDA 93.917 - HIV Care Formula Grants CFDA 93.940 - HIV Prevention Activities - Health Department Based CFDA 93.959 - Block Grants for Prevention and Treatment of Substance Abuse CFDA 93.977 - Preventative Health Services - Sexually Transmitted Diseases Control Grants	(continued)	06-16
Department of Housing and Community Affairs	CFDA 14.239 - HOME Investment Partnership Program	Allowable Cost Principles	06-17
	CFDA 14.871 - Section 8 Housing Choice Voucher Program	Allowable Cost/Cost Principles	06-20
Juvenile Probation Commission	CFDA 93.658 - Foster Care - Title IV - E	Subrecipient Monitoring	06-21
Department of Public Safety	CFDA 97.039 - Hazard Mitigation Grant	Reporting	06-24
	CFDA 97.039 - Hazard Mitigation Grant	Subrecipient Monitoring	06-25
Department of State Health Services	CFDA 93.268 - Immunization Grants	Reporting	06-28
	CFDA 93.667 - Social Services Block Grant	Cash Management	06-29
	CFDA 93.959 - Block Grants for Prevention and Treatment of Substance Abuse	Special Tests and Provisions	06-30
	CFDA 93.283 - Centers for Disease Control and Prevention of - Investigations and Technical Assistance	Subrecipient Monitoring	06-32
Texas Cooperative Extension	CFDA 10.500 - Cooperative Extension Grant	Allowable Costs/Cost Principles	06-34
Texas Engineering Extension Service	CFDA 16.008 - State and Local Domestic Preparedness Training Program Homeland Security Cluster	Allowable Cost/Cost Principles	06-35
Texas Engineering Extension Service	Homeland Security Cluster	Subrecipient Monitoring	06-38
Texas Workforce Commission	CFDA 17.245 - Trade Adjustment Assistance - Workers	Reporting	06-40

Agency/University	Program	Compliance Requirement	Finding Number
Tarleton State University	Student Financial Assistance Cluster	Special Tests and Provisions	06-41
Texas A&M University – College Station	Student Financial Assistance Cluster	Special Tests and Provisions	06-42 06-43
Texas A&M University – Commerce	Student Financial Assistance Cluster	Special Tests and Provisions	06-44
Texas Higher Education Coordinating Board	Student Financial Assistance Cluster	Special Tests and Provisions	06-46 06-47 06-48 06-49
Texas Tech University	Student Financial Assistance Cluster	Special Tests and Provisions	06-51
University of Houston	Research and Development Cluster	Cash Management	06-54
	Student Financial Assistance Cluster	Special Tests and Provisions	06-53
University of Houston - Clear Lake	Student Financial Assistance Cluster	Eligibility	06-56
University of North Texas	Student Financial Assistance Cluster	Reporting	06-58
		Special Tests and Provisions	06-59
University of Texas at Austin	Student Financial Assistance Cluster	Special Tests and Provisions	06-61 06-62
University of Texas at Austin	Research and Development Cluster	Procurement and Suspension and Debarment	06-64
		Subrecipient Monitoring	06-65
University of Texas at Dallas	Student Financial Assistance Cluster	Eligibility	06-66
University of Texas Health Science Center at Houston	Research and Development Cluster	Procurement and Suspension and Debarment	06-69
		Subrecipient Monitoring	06-70
University of Texas Medical Branch at Galveston	Research and Development Cluster	Equipment and Real Property Management	06-72

Agency/University	Program	Compliance Requirement	Finding Number
		Procurement and Suspension and Debarment	06-73
		Subrecipient Monitoring	06-74
University of Texas at San Antonio	Student Financial Assistance Cluster	Eligibility	06-77
		Reporting	06-78
		Special Tests and Provisions	06-79 06-80
University of Texas Southwestern Medical Center at Dallas	Research and Development Cluster	Cash Management	06-81
		Procurement and Suspension and Debarment	06-82 06-83

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our and the other auditors consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the following reportable conditions we and the other auditors also consider to be material weaknesses:

Agency/University	Program	Compliance Requirement	Finding Number
Health and Human Services Commission	CFDA 93.558 - Temporary Assistance for Needy Families	Equipment and Real Property Management	06-11
	CFDA 93.558 - Temporary Assistance for Needy Families Food Stamp Cluster	Procurement and Suspension and Debarment	06-13
Department of Housing and Community Affairs	CFDA 14.871 - Section 8 Housing Choice Vouchers	Special Tests and Provisions	06-19
Department of Public Safety	CFDA 97.039 - Hazard Mitigation Grant	Cash Management	06-23
Texas Cooperative Extension	CFDA 10.500 - Cooperative Extension Grant	Equipment and Real Property Management	06-33

Agency/University	Program	Compliance Requirement	Finding Number
Texas Tech University	Student Financial Assistance Cluster	Reporting	06-50
University of Houston	Student Financial Assistance Cluster	Reporting	06-52
	Research and Development Cluster	Procurement and Suspension and Debarment	06-55
University of Houston – Clear Lake	Student Financial Assistance Cluster	Special Tests and Provisions	06-57
University of North Texas Health Science Center at Fort Worth	Research and Development Cluster	Procurement and Suspension and Debarment	06-60
University of Texas at Austin	Research and Development Cluster	Matching and Program Income	06-63
University of Texas at Dallas	Student Financial Assistance Cluster	Special Tests and Provisions	06-67
University of Texas Health Science Center at Houston	Research and Development Cluster	Cash Management	06-68
University of Texas – Pan American	Student Financial Assistance Cluster	Reporting	06-75
University of Texas at San Antonio	Student Financial Assistance Cluster	Eligibility	06-76
University of Texas Medical Branch at Galveston	Research and Development Cluster	Allowable Costs/Cost Principles Cash Management Matching Period of Availability Reporting	06-71

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

KPMG LLP

February 21, 2006

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
Office of National Drug Control Policy					
Office of National Drug Control Policy	07.XXX	I0PSWP560	$	$ 784	$ 784
		I1PSSP575		339	339
		I2OHNP531		72,071	72,071
		I2PSSP568		1,617	1,617
		I2PSSP575		4,402	4,402
		I2PSSP604		8,210	8,210
		I2PSWP559		6,222	6,222
		I3PHNP508		6,792	6,792
		I3PSSP701		106,328	106,328
		I3PSWP567		27,073	27,073
		I4PSSP701		197,905	197,905
		I4PSWP567		6,902	6,902
		I4PSWP998		4,021	4,021
		I5PHNP502		3,090	3,090
		I5PHNP508		113,583	113,583
		I5PSSP701		76,737	76,737
		I5PSWP567		76,126	76,126
		I9PHNP519		11,438	11,438
		Multi-Regional Initiatives		495,461	495,461
		PHNP506		135,384	135,384
		PSWP562		178,931	178,931
Total - Office of National Drug Control Policy			0	1,533,416	1,533,416
Peace Corps					
Peace Corps	08.XXX	G72305		2,520	2,520
Total - Peace Corps			0	2,520	2,520
U.S. Department of Agriculture					
U.S. Department of Agriculture	10.XXX	004		291,799	291,799
Pass-Through from Chaparral Health Clinic		991356		(6,705)	(6,705)
Pass-Through from Southern U.S. Trade Association		SUSTA 010301		44,099	44,099
Pass-Through from University of Florida		L82982		1,521	1,521
Agricultural Research—Basic and Applied Research	10.001			411,631	411,631
Plant and Animal Disease, Pest Control, and Animal Care	10.025			5,555,424	5,555,424
Wildlife Services	10.028			4,970	4,970
Emergency Conservation Program	10.054			31,650	31,650
Market News	10.153			10,000	10,000
Market Protection and Promotion	10.163			1,063,019	1,063,019
Grants for Agricultural Research, Special Research Grants	10.200			492,973	492,973
Pass-Through from Southern Regional Aquaculture Center		454420		9,893	9,893
Pass-Through from University of Florida		420340		619	619
Pass-Through from University of Florida		434580		8,811	8,811
Pass-Through from University of Georgia		450450		3,731	3,731
Pass-Through from University of Georgia		450840		400	400
Payments to 1890 Land-Grant Colleges and Tuskegee	10.205			2,720,482	2,720,482
Grants for Agricultural Research—Competitive Research Grants	10.206			326,222	326,222
Pass-Through from Baylor College of Medicine		430240		38,181	38,181
Pass-Through from New Mexico State University		G22		9,233	9,233
Pass-Through from North Carolina State University		2001-0072-12		1,186	1,186
Pass-Through from Southern Forest Research Partnership		435140		12,956	12,956
1890 Institution Capacity Building Grants	10.216			11,748	11,748
Higher Education Challenge Grants	10.217			(195)	(195)
Pass-Through from Alabama A&M University		00-52100-9616		98,413	98,413

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Hispanic Serving Institutions Education Grants	10.223			575,717	575,717
Pass-Through from North Carolina State University		427560		4,605	4,605
Pass-Through from North Carolina State University		427590		7,616	7,616
Pass-Through from Purdue University		427540		2,078	2,078
Initiative for Future Agriculture and Food Systems	10.302			6,412	6,412
Integrated Programs	10.303		1,095,915	612,843	1,708,758
Pass-Through from Baylor College of Medicine		430230		69,076	69,076
Pass-Through from North Carolina Cooperative Extension		420120		24,994	24,994
Pass-Through from North Carolina State University		433140		23,470	23,470
Pass-Through from North Carolina State University		433270		1,453	1,453
Pass-Through from North Carolina State University		433460		1,716	1,716
Pass-Through from North Carolina State University		437480		8,514	8,514
Pass-Through from University of Florida		420320		25,362	25,362
Pass-Through from University of Nebraska Lincoln		25-6231-0078003		1,759	1,759
Pass-Through from University of Nebraska Lincoln		25-6326-0105002		8,104	8,104
Pass-Through from University of Wisconsin		427510/427610		4,974	4,974
Homeland Security-Agricultural	10.304			398,694	398,694
Pass-Through from University of Florida		440140		36,413	36,413
Interest Assistance Program	10.437			11,664	11,664
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	10.443			50,554	50,554
Crop Insurance	10.450			138,346	138,346
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475			4,214,353	4,214,353
Cooperative Extension Service	10.500		825,881	21,642,652	22,468,533
Pass-Through from American Distance Education Consortium		2002-45055-01425		1,094	1,094
Pass-Through from Auburn University		418880		29,632	29,632
Pass-Through from Auburn University		455490		47,760	47,760
Pass-Through from Kansas State University		418550		9,940	9,940
Pass-Through from Kansas State University		458940		5,168	5,168
Pass-Through from Mississippi State University		458180		673	673
Pass-Through from National 4-H Council		455028	4,000		4,000
Pass-Through from National 4-H Council		455032	4,000		4,000
Pass-Through from National 4-H Council		455041	4,000		4,000
Pass-Through from National 4-H Council		455110		750	750
Pass-Through from National 4-H Council		455240		8,528	8,528
Pass-Through from National 4-H Council		455250		2,205	2,205
Pass-Through from National 4-H Council		455460		31,488	31,488
Pass-Through from Oklahoma State University		434560		7,204	7,204
Pass-Through from Southern Regional Aquaculture Center		454970/454150		25,071	25,071
Pass-Through from University of Georgia		437450		1,184	1,184
Pass-Through from University of Georgia		450340		362	362
Food Donation	10.550		100,894,291	389,604	101,283,895
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		142,477,192	538,822,385	681,299,577
Child and Adult Care Food Program	10.558			186,273,323	186,273,323
State Administrative Expenses for Child Nutrition	10.560			9,878,474	9,878,474
Commodity Supplemental Food Program	10.565		2,025,240	839,603	2,864,843
WIC Farmers' Market Nutrition Program (FMNP)	10.572		617,680	641,360	1,259,040
Foreign Market Development Cooperator Program	10.600			3,435	3,435
Cooperative Forestry Assistance	10.664			6,504,574	6,504,574
Rural Development, Forestry, and Communities	10.672			230,201	230,201
Rural Business Enterprise Grants	10.769			34,182	34,182
Rural Cooperative Development Grants	10.771			161,736	161,736
National Sheep Industry Improvement Center	10.774			14,047	14,047
Distance Learning and Telemedicine Loans and Grants	10.855			51,500	51,500

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
1890 Land Grant Institutions Rural Entrepreneurial Outreach Program	10.856			103,766	103,766
Watershed Protection and Flood Prevention	10.904			392,990	392,990
Environmental Quality Incentives Program	10.912			157,960	157,960
Pass-Through from National Fish and Wildlife Foundation		454230		2,295	2,295
Scientific Cooperation and Research	10.961			73,967	73,967
Pass-Through from Association Liaison Office		HNE-A-00-97-0059-	86,687	3,955	90,642
Pass-Through from University of Nebraska Lincoln		10727666		430	430
Total - U.S. Department of Agriculture			248,034,886	783,764,276	1,031,799,162
U.S. Department of Commerce					
Economic Development—Technical Assistance	11.303			252,120	252,120
Trade Adjustment Assistance	11.313			1,314,941	1,314,941
Sea Grant Support	11.417			3,000	3,000
Pass-Through from University of Connecticut		450001	3,120		3,120
Pass-Through from University of Connecticut		450360		5,040	5,040
Coastal Zone Management Administration Awards	11.419		5,971,360	1,016,679	6,988,039
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432			(600,000)	(600,000)
Regional Fishery Management Councils	11.441			250,366	250,366
Unallied Industry Projects	11.452			630,779	630,779
Educational Partnership Program	11.481			139,632	139,632
Pass-Through from Howard University		634554-159		169,980	169,980
Public Telecommunications Facilities Planning and Construction	11.550		231,843	144,261	376,104
Technology Opportunities Program	11.552		139,404	5,097	144,501
Manufacturing Extension Partnership	11.611		161,112	610,447	771,559
Minority Business Development Centers	11.800			270,641	270,641
Minority Business Opportunity Committee (MBOC)	11.803			201,060	201,060
Total - U.S. Department of Commerce			6,506,839	4,414,043	10,920,882
U.S. Department of Defense					
U.S. Department of Defense	12.XXX	040000		(1,896)	(1,896)
		040001		36,340	36,340
		420005		12,594	12,594
		560005	178,343		178,343
		95-Lubbock		87,726	87,726
		AFROTC170-MU		55,613	55,613
		DATM05-02-C0046		140,488	140,488
		Det 840, Title X, Sec 2102		52,162	52,162
		G73100		256,955	256,955
		MDA904-02-1-0221		89,461	89,461
		WM9113M-05-C-		6,109	6,109
Pass-Through from Radiance Technology		RA-04-0011		26,685	26,685
Procurement Technical Assistance For Business Firms	12.002		5,103	464,719	469,822
Aquatic Plant Control	12.100			155,786	155,786
Flood Control Projects	12.106			138,261	138,261
Planning Assistance to States	12.110			1,089,059	1,089,059
Payments to States in Lieu of Real Estate Taxes	12.112			1,413,287	1,413,287
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113			702,053	702,053
Collaborative Research and Development	12.114			5,489	5,489
Basic and Applied Scientific Research	12.300			36,185	36,185
Pass-Through from Academy of Applied Science		W911NF-04-1-0001		15,763	15,763

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from Consortium for Oceanographic Research		NA160M2411 630810		15,000	15,000
Military Construction, National Guard	12.400			2,573,230	2,573,230
National Guard Military Operations and Maintenance (O&M) Projects	12.401			24,326,648	24,326,648
Readiness Sustainment Maintenance Program	12.402			7,561,421	7,561,421
National Guard Civilian Youth Opportunities	12.404			1,892,067	1,892,067
Military Medical Research and Development	12.420			979,981	979,981
Basic Scientific Research	12.431			1,590,076	1,590,076
Air Force Defense Research Sciences Program	12.800			369,955	369,955
Mathematical Sciences Grants Program	12.901			1,201	1,201
Research and Technology Development	12.910			150,592	150,592
Total - U.S. Department of Defense			183,446	44,243,010	44,426,456
U.S. Department of Housing and Urban Development					
U.S. Department of Housing and Urban Development	14.XXX	998218		408,301	408,301
		CH-TEX-250D-		93,330	93,330
		CH-TEX-251		95,642	95,642
		CH-TEX-275		14,908	14,908
		CH-TEX-2925		173,100	173,100
		H-502-5514		269,758	269,758
		SA-265-1000(S)		48,802	48,802
Community Development Block Grants/State's Program	14.228		82,029,084	2,904,857	84,933,941
Emergency Shelter Grants Program	14.231		4,772,792	221,982	4,994,774
Historically Black Colleges and Universities Program	14.237			194,698	194,698
HOME Investment Partnerships Program	14.239		44,375,801	2,933,559	47,309,360
Housing Opportunities for Persons with AIDS	14.241		2,676,153	45,906	2,722,059
Community Development Block Grants/Economic Development Initiative	14.246			138,616	138,616
Pass-Through from Neighborhood Housing and Economic Development		3911-01		14,195	14,195
Community Outreach Partnership Center Program	14.511		83,106	233,057	316,163
Community Development Work-Study Program	14.512			(209)	(209)
Hispanic-Serving Institutions Assisting Communities	14.514		250,000	482,875	732,875
Pass-Through from Lubbock Housing Authority		1352 44 A654		(87)	(87)
Pass-Through from Lubbock Housing Authority		1352 44 B560		67,200	67,200
Pass-Through from Dallas Housing Authority		5451		42,957	42,957
Section 8 Housing Choice Vouchers	14.871			8,925,460	8,925,460
Healthy Homes Initiative Grants	14.901			114,186	114,186
Total - U.S. Department of Housing and Urban Development			134,186,936	17,423,093	151,610,029
U.S. Department of the Interior					
U.S. Department of the Interior	15.XXX	00-FC-40-3950		6,999	6,999
		010811243		59,252	59,252
		02-FG-30-0028		24,539	24,539
		BBO		12,687	12,687
		FFB		1,785,681	1,785,681
		H7540050001		5,221	5,221
Pass-Through from U.S. Department of the Interior		GDA050008		8,844	8,844
National Fire Plan - Wildland Urban Interface Community Fire Assistance	15.228			2,919	2,919
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250			1,322,891	1,322,891
Abandoned Mine Land Reclamation (AMLR) Program	15.252			1,528,634	1,528,634
Water Reclamation and Reuse Program	15.504			18,617	18,617

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Water Desalination Research and Development Program	15.506			57,547	57,547
Fish and Wildlife Management Assistance	15.608			31,073	31,073
Pass-Through from Austin Community Foundation		04-419		7,382	7,382
Coastal Wetlands Planning, Protection, and Restoration Act	15.614			1,083,921	1,083,921
Clean Vessel Act	15.616			(34,150)	(34,150)
Sportfishing and Boating Safety Act	15.622			180,299	180,299
North American Wetlands Conservation Fund	15.623			(301)	(301)
Wildlife Conservation and Restoration	15.625			765,937	765,937
Landowner Incentive	15.633			83,855	83,855
State Wildlife Grants	15.634			2,019,197	2,019,197
U.S. Geological Survey—Research and Data Acquisition	15.808			79,282	79,282
Pass-Through from Houston Advanced Research Center		CSWGCIN NBII HARC		23,098	23,098
National Spatial Data Infrastructure Cooperative Agreements Program	15.809			7,176	7,176
Historic Preservation Fund Grants-In-Aid	15.904		95,747	931,582	1,027,329
National Natural Landmarks Program	15.910			3,314	3,314
National Register of Historic Places	15.914			23,858	23,858
Outdoor Recreation—Acquisition, Development and Planning	15.916			5,042,303	5,042,303
Native American Graves Protection and Repatriation Act	15.922			21,303	21,303
National Center for Preservation Technology and Training	15.923			20,000	20,000
Total - U.S. Department of the Interior			95,747	15,122,960	15,218,707
U.S. Department of Justice					
U.S. Department of Justice	16.XXX	14PHNP509Z		43,020	43,020
		TXQNGCD13		134,435	134,435
Pass-Through from New Mexico Institute of Mining and Technology		D72X		396,729	396,729
State Domestic Preparedness Equipment Support Program	16.007			345,539	345,539
State and Local Domestic Preparedness Training Programs	16.008			23,527,144	23,527,144
Urban Areas Security Initiative	16.011		4,894,940		4,894,940
Offender Reentry Program	16.202			297,619	297,619
Juvenile Accountability Incentive Block Grants	16.523		4,774,370	3,244,593	8,018,963
Pass-Through from Houston Galveston Area Council of Governments		JB-02-J20-13383-06		13,664	13,664
Education and Training to End Violence Against and Abuse of Women with Disabilities	16.529			91,163	91,163
Juvenile Justice and Delinquency Prevention—Allocation to States	16.540		3,393,321	170,621	3,563,942
Pass-Through from City of Dallas		2005-MC-CX-K031		50,000	50,000
Title V—Delinquency Prevention Program	16.548		652,839		652,839
Part E—State Challenge Activities	16.549		304,619		304,619
State Justice Statistics Program for Statistical Analysis Centers	16.550			300,715	300,715
National Criminal History Improvement Program (NCHIP)	16.554			2,091,622	2,091,622
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		27,445	201,861	229,306
Pass-Through from National Institute of Justice		2001-7433-DC-IJ		6,935	6,935
Crime Laboratory Improvement—Combined Offender DNA Index System Backlog Reduction	16.564			3,341,782	3,341,782
National Institute of Justice Domestic Anti-Terrorism Technology Development Program	16.565			463,107	463,107
Crime Victim Assistance	16.575		24,507,223	297,812	24,805,035
Crime Victim Compensation	16.576			39,341,339	39,341,339
Byrne Formula Grant Program	16.579		18,919,603	6,333,310	25,252,913
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580			89,646	89,646

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Violent Offender Incarceration and Truth in Sentencing Incentive Grants	16.586			319,476	319,476
Violence Against Women Formula Grants	16.588		6,316,913	183,895	6,500,808
Pass-Through from Tarrant County		94084		32,719	32,719
Local Law Enforcement Block Grants Program	16.592		1,038,213	394,674	1,432,887
Residential Substance Abuse Treatment for State Prisoners	16.593		2,566,319	464,782	3,031,101
Corrections—Technical Assistance/Clearinghouse	16.603			52,783	52,783
State Criminal Alien Assistance Program	16.606			17,126,820	17,126,820
Bulletproof Vest Partnership Program	16.607		1,950	7,940	9,890
Community Prosecution and Project Safe Neighborhoods	16.609			718,262	718,262
Pass-Through from Bureau of Justice Assistance		G72304		154,165	154,165
Public Safety Partnership and Community Policing Grants	16.710			1,257,923	1,257,923
Police Corps	16.712			417,504	417,504
Enforcing Underage Drinking Laws Program	16.727		247,623	150,121	397,744
Protecting Inmates and Safeguarding Communities Discretionary Grant Program	16.735			299,146	299,146
Pass-Through from Tarrant County		G72058		11,320	11,320
Total - U.S. Department of Justice			67,645,378	102,374,186	170,019,564
U.S. Department of Labor					
U.S. Department of Labor	17.XXX				
Pass-Through from South Texas Community College		AH-121-88-0260		36,789	36,789
Pass-Through from Upper Rio Grande Workforce Development Board		PY04-SVC-2		65,579	65,579
Labor Force Statistics	17.002			3,757,127	3,757,127
Compensation and Working Conditions	17.005			262,386	262,386
Labor Certification for Alien Workers	17.203		6,540	1,376,330	1,382,870
Unemployment Insurance	17.225		200,707	1,597,535,803	1,597,736,510
Senior Community Service Employment Program	17.235		4,512,045	21,629	4,533,674
Trade Adjustment Assistance—Workers	17.245		11,317,686	33,707,147	45,024,833
Pass-Through from South Texas Workforce Development		742328157		130,077	130,077
Workforce Investment Act	17.255			86,001	86,001
Employment and Training Pilots	17.261		602,352	468,381	1,070,733
Pass-Through from Hispanic Association of Colleges and Universities		AK-10826-00-60		77	77
WIA Incentive Grants-Section 503 Grants to States	17.267		2,638,137	1,204,344	3,842,481
Occupational Safety and Health—Susan Harwood Training Grants	17.502			516,992	516,992
Consultation Agreements	17.504			2,599,080	2,599,080
Women's Special Employment Assistance	17.700			4,823	4,823
Veterans' Employment Program	17.802		313,815	1,000	314,815
Transition Assistance Program	17.807			294,302	294,302
Total - U.S. Department of Labor			19,591,282	1,642,067,867	1,661,659,149
U.S. Department of State					
U.S. Department of State	19.XXX	07441PA254		71,149	71,149
Professional Exchange—Annual Open Grant	19.415			88,793	88,793
Pass-Through from Association Liaison Office		HNE-A-00-9		48,055	48,055
International Education Training and Research	19.430		26,577	155,075	181,652
Total - U.S. Department of State			26,577	363,072	389,649
U.S. Department of Transportation					
U.S. Department of Transportation	20.XXX	DDEHBC-03X-00155		26,118	26,118
		DTSA20-03-P01429		33,646	33,646
Pass-Through from Applied Research Associates		16138		55,037	55,037

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from Arizona Department of Transportation		R057416P JPA 04 035T		17,683	17,683
Pass-Through from Pennsylvania State University		2318-UT-NAS-R934		23,844	23,844
Pass-Through from South Carolina University		0444354ONSTITST		52,281	52,281
Boating Safety Financial Assistance	20.005			1,222,165	1,222,165
Airport Improvement Program	20.106			37,547,166	37,547,166
Highway Training and Education	20.215			89,501	89,501
Pass-Through from National Latino Council on Alcohol and Tobacco Prevention		991651		10,010	10,010
Pass-Through from South Carolina State University		02-447399-NTSI-PVU-TX		31,769	31,769
National Motor Carrier Safety	20.218			22,617,022	22,617,022
Recreational Trails Program	20.219			682,150	682,150
Federal Transit—Metropolitan Planning Grants	20.505		4,449,641		4,449,641
Formula Grants for Other Than Urbanized Areas	20.509		17,559,414		17,559,414
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513		4,782,613		4,782,613
State Planning and Research	20.515		770,725		770,725
Pipeline Safety	20.700			1,766,892	1,766,892
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703			606,060	606,060
U.S. Merchant Marine Academy	20.807			236,684	236,684
Total - U.S. Department of Transportation			27,562,393	65,018,028	92,580,421
U.S. Department of Treasury					
U.S. Department of Treasury	21.XXX	463600001		180,472,802	180,472,802
Low-Income Taxpayer Clinics	21.008			81,625	81,625
Gang Resistance Education and Training	21.053			111,433	111,433
Total - U.S. Department of Treasury			0	180,665,860	180,665,860
Office of Personnel Management					
Intergovernmental Personnel Act (IPA) Mobility Program	27.011			374,600	374,600
Total - Office of Personnel Management			0	374,600	374,600
General Services Administration					
Donation of Federal Surplus Personal Property	39.003		3,832,980	106,427	3,939,407
Election Reform	39.011		4,052,132	297,549	4,349,681
Total - General Services Administration			7,885,112	403,976	8,289,088
National Aeronautics and Space Administration					
National Aeronautics and Space Administration	43.XXX	NAG-1406		22,465	22,465
Pass-Through from The Boeing Company		5H06613		44,070	44,070
Pass-Through from University of Montana		G72049		17,488	17,488
Aerospace Education Services Program	43.001		756,221	591,797	1,348,018
Pass-Through from Nat'l Action Council for Minorities in Engineering		3950-01		6,987	6,987
Pass-Through from Society of Hispanic Engineers Foundation		NAG3-2299		1,190	1,190
Pass-Through from Society of Mexican American Engineers and Scientists		NASA/MAES		4,232	4,232
Technology Transfer	43.002		322,157	625,411	947,568
Total - National Aeronautics and Space Administration			1,078,378	1,313,640	2,392,018

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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 Foundation on the Arts and the Humanities					
Promotion of the Arts—Grants to Organizations and Individuals	45.024			3,998	3,998
Pass-Through from American String Teachers String Project		G72196		7,462	7,462
Promotion of the Arts—Partnership Agreements	45.025			801,200	801,200
Pass-Through from Hearland Arts		G72034		2,323	2,323
Pass-Through from Mid-America Arts Alliance		05-0594		519	519
Promotion of the Humanities—Federal/State Partnership	45.129			748	748
Pass-Through from Humanities Texas		2004-2989		332	332
Pass-Through from Humanities Texas		2005-3081		2,073	2,073
Pass-Through from Humanities Texas		2005-3097		5,777	5,777
Pass-Through from Humanities Texas		G72054		5,140	5,140
Promotion of the Humanities—Division of Preservation and Access	45.149			34,309	34,309
Promotion of the Humanities—Research	45.161			27,375	27,375
Promotion of the Humanities—Teaching and Learning Resources and Curriculum Development	45.162			4,790	4,790
Promotion of the Humanities—Professional Development	45.163			81,862	81,862
Promotion of the Humanities—Public Programs	45.164			21,980	21,980
	45.167			23,132	23,132
Pass-Through from Texas A&M Research Foundation		G72221		9,274	9,274
Museum Assessment Program	45.302			1,650	1,650
Conservation Assessment Program	45.304			4,050	4,050
State Library Program	45.310			11,631,962	11,631,962
National Leadership Grants	45.312			310,993	310,993
Librarians for the 21st Century	45.313			280,417	280,417
Pass-Through from Institute for Museum and Library		RE-01-04-0031-04		241,789	241,789
Total - National Foundation on the Arts and the Humanities			0	13,503,155	13,503,155
National Science Foundation					
National Science Foundation	47.XXX				
Pass-Through from American Association for the Advancement		WSC TVL G		1,329	1,329
Pass-Through from Brownsville Independent School District		ESR-9908000		75,120	75,120
Engineering Grants	47.041		10,464	124,204	134,668
Mathematical and Physical Sciences	47.049			119,162	119,162
Pass-Through from California State University Northridge		A388		29,681	29,681
Pass-Through from Institute for Advanced Study		IAS-HER-0314808		94,499	94,499
Pass-Through from Rice University		R37131-84600001		2,465	2,465
Geosciences	47.050			140,043	140,043
Computer and Information Science and Engineering	47.070			37,543	37,543
Pass-Through from Educause		0000001		48,115	48,115
Pass-Through from University of Illinois		780REU1129A		3,774	3,774
Biological Sciences	47.074			150,727	150,727
Education and Human Resources	47.076		101,777	3,019,645	3,121,422
Pass-Through from Houston Independent School District		ESR-9816227		6,411	6,411
Pass-Through from Rice University		DUE-0089435		3,703	3,703
Pass-Through from Michigan State University		61-2405UT		23,259	23,259
Pass-Through from San Diego University Foundation		53702A		18,139	18,139
Total - National Science Foundation			112,241	3,897,819	4,010,060
Small Business Administration					
Small Business Administration	59.XXX	1322-44-1734/A280		5,580	5,580
Small Business Development Center	59.037		1,117,547	3,067,981	4,185,528
Pass-Through from American Liaison Office		3906-01		49,112	49,112
Pass-Through from Dallas County Community College		5-603001-Z-0046-19		86,386	86,386
Pass-Through from Iowa State University		435-08-04		268,650	268,650

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from Science and Engineering Alliance Inc		410231/SEA/EPA00144		25,379	25,379
Veterans Entrepreneurial Training and Counseling	59.044			85,114	85,114
Total - Small Business Administration			1,117,547	3,588,202	4,705,749
Department of Veterans Affairs					
Department of Veterans Affairs	64.XXX	250001		599,661	599,661
		991235		139,322	139,322
Grants to States for Construction of State Home Facilities	64.005			6,882,655	6,882,655
Veterans State Nursing Home Care	64.015			10,729,867	10,729,867
Vocational Rehabilitation for Disabled Veterans	64.116			331	331
All-Volunteer Force Educational Assistance	64.124		14,485	1,114,881	1,129,366
Vocational and Educational Counseling for Servicemembers and Veterans	64.125			2,846	2,846
State Cemetery Grants	64.203			4,547,376	4,547,376
Total - Department of Veterans Affairs			14,485	24,016,939	24,031,424
Environmental Protection Agency					
Environmental Protection Agency	66.XXX	66-60753105		1,708	1,708
		C480001-04,05,06,07	32,041,816	518,588	32,560,404
		CS-48000101	79,075		79,075
		U-91593201-0		12,896	12,896
Air Pollution Control Program Support	66.001		96,817	454,289	551,106
State Indoor Radon Grants	66.032			15,997	15,997
Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034			1,998,593	1,998,593
Pass-Through from Arizona State University		05-594		22,381	22,381
Pass-Through from Crocker Teaching Environment		G72060		5,989	5,989
Pass-Through from Driscoll Children's Hospital		600820		1,996	1,996
Pass-Through from University of Utah		2301012-s4		335,626	335,626
Water Pollution Control—State and Interstate Program Support	66.419			3,363,390	3,363,390
State Underground Water Source Protection	66.433			701,623	701,623
Water Quality Management Planning	66.454			763,166	763,166
National Estuary Program	66.456			292,965	292,965
Capitalization Grants for State Revolving Funds	66.458		4,267,240	8,834,601	13,101,841
Nonpoint Source Implementation Grant	66.460			10,136,044	10,136,044
Water Quality Cooperative Agreements	66.463			47,914	47,914
Wastewater Operator Training Grant Program (Technical Assistance)	66.467			48,716	48,716
Capitalization Grants for Drinking Water State Revolving Fund	66.468		36,508,693	8,141,408	44,650,101
State Grants to Reimburse Operatiors of Small Water Systems for Training and Certification Costs	66.471			720,509	720,509
Beach Monitoring and Notification Program Development Grants	66.472		125,438	65,156	190,594
Water Protection Coordination Grants to States	66.474			545,390	545,390
Gulf of Mexico Program	66.475			6,757	6,757
Water Security Training and Technical Assistance	66.478			8,923	8,923
Environmental Protection Consolidated Research	66.500			2,107,854	2,107,854
Pass-Through from Industrial Economics Inc		446150		6,972	6,972
Performance Partnership Grants	66.605		624,023	26,512,746	27,136,769
Surveys, Studies, Investigations and Special Purpose Grants	66.606		49,238	408,677	457,915
Pass-Through from Water Environment Research Foundation		427640	52,635	96,530	149,165
Environmental Information Exchange Network Grant Program	66.608			176,236	176,236
Pass-Through from EASI EPA Evaluation		G72101		15,493	15,493

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Consolidated Pesticide Enforcement Cooperative Agreements	66.700			971,714	971,714
Pass-Through from Environmental Protection Agency		E-96628205		194,200	194,200
Pass-Through from Environmental Protection Agency		E-97665601		30,000	30,000
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701			134,611	134,611
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707			258,246	258,246
Pollution Prevention Grants Program	66.708			245,699	245,699
Multi-Media Capacity Building Grants for States and Tribes	66.709			38	38
Pesticide Environmental Stewardship Regional Grants	66.714			13,017	13,017
Source Reduction Assistance	66.717			6,173	6,173
Superfund State Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802			1,939,062	1,939,062
Leaking Underground Storage Tank Trust Fund	66.805			2,748,194	2,748,194
Superfund State and Indian Tribe Core Program Cooperative Agreements	66.809			219,660	219,660
Brownfields Training, Research, & Technical Assistance Grants & Cooperative Agreements	66.814			101,779	101,779
State and Tribal Response Program Grants	66.817			644,585	644,585
Pesticide Poisoning - Child Prevention	66.930			3,885	3,885
International Financial Assistance Projects Sponsored by the Office of International Affairs	66.931			134,168	134,168
Environmental Education Grants	66.951			2,986	2,986
Total - Environmental Protection Agency			73,844,975	74,017,150	147,862,125
U.S. Department of Energy					
U.S. Department of Energy	81.XXX				
Pass-Through from Midwest Research Institute		DE-AC36-99G0100337		51,359	51,359
Pass-Through from Stanford University Linear Accelerator Laboratory		DE-AC03-76-SF-00515		174,996	174,996
Pass-Through from U.S. Department of Energy		DE-FC52-05NA26856		16,110	16,110
Pass-Through from University of California Los Alamos National Laboratory		40138-001-02-37		142,792	142,792
Pass-Through from University of Nebraska Omaha		2004-008A-SC1		2,160	2,160
State Energy Program	81.041		4,835,487	459,043	5,294,530
Weatherization Assistance for Low-Income Persons	81.042		5,752,445	379,760	6,132,205
Office of Science Financial Assistance Program	81.049			580,905	580,905
Office of Scientific and Technical Information	81.064			919	919
Renewable Energy Research and Development	81.087			24,464	24,464
Pass-Through from National Renewable Energy Laboratory		G72030		1,917	1,917
Nuclear Energy Research Initiative	81.092		161,487	785,036	946,523
Pass-Through from Howard University		DE-FC02-02EW15254		116,601	116,601
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	81.106			345,452	345,452
Pass-Through from Drexel University		23-135263		81,993	81,993
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117			57,259	57,259
State Energy Program Special Projects	81.119			208,080	208,080
Nuclear Energy Research Initiative	81.121			293,631	293,631
Total - U.S. Department of Energy			10,749,419	3,722,477	14,471,896

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
Federal Emergency Management Agency					
National Urban Search and Rescue (US&R) Response System	83.526			425,666	425,666
Disaster Unemployment Assistance	83.541			(2,938)	(2,938)
Public Assistance Grants	83.544			7,681,333	7,681,333
Emergency Management Performance Grants	83.552			101,191	101,191
Assistance to Firefighters Grant	83.554			86,977	86,977
Citizens Corp	83.564			(69)	(69)
Total - Federal Emergency Management Agency			0	8,292,160	8,292,160
U.S. Department of Education					
U.S. Department of Education	84.XXX	42-3J46-6-0597A		27,744	27,744
		580005		124,506	124,506
		84.339B		76,715	76,715
		FAME		2,357	2,357
		H129L0300007-04		54,589	54,589
		Math		124,746	124,746
		P038A014129		1,416,752	1,416,752
		P342A000041		1,049	1,049
		P342A010103		152,903	152,903
		P34A990322		(1,111)	(1,111)
		Personal Training		106,319	106,319
		T195A990069		4,102	4,102
		T195E980060		872	872
		T195E990019		103,834	103,834
		TRIAD		369,042	369,042
		U350A040015		171,516	171,516
Pass-Through from Center for the Advancement and Study of Early Texas Art		G72226		16,263	16,263
Pass-Through from Education Service Center Region VI		A483		47,907	47,907
Pass-Through from Intercultural Development Research Association		S350B20027-03		40,918	40,918
Pass-Through from San Antonio Independent School District		3901-22		3,687	3,687
Pass-Through from Southwest Educational Development		G72027		52,508	52,508
Pass-Through from The College Board		G72181		26,279	26,279
Pass-Through from University of Texas Medical Branch		G72075		9,747	9,747
Adult Education—State Grant Program	84.002		45,552,618	5,639,743	51,192,361
Title I Grants to Local Educational Agencies	84.010		1,031,393,713	7,104,585	1,038,498,298
Migrant Education—State Grant Program	84.011		53,372,016	888,672	54,260,688
Title I Program for Neglected and Delinquent Children	84.013		8,775	2,986,339	2,995,114
Undergraduate International Studies and Foreign Language Programs	84.016			196,368	196,368
International: Overseas—Group Projects Abroad	84.021			61,910	61,910
Higher Education—Institutional Aid	84.031		444,420	16,791,346	17,235,766
Pass-Through from Alamo Community College District		603950		22,822	22,822
Pass-Through from Houston Community College System		G000465		321,137	321,137
Pass-Through from Palo Alto College		31S020038		58,359	58,359
Vocational Education—Basic Grants to States	84.048		87,414,438	9,597,477	97,011,915
Pass-Through from Texas Education Agency		G72043		357,721	357,721
Pass-Through from Texas Southmost College		54246		760,099	760,099
Pass-Through from Weatherford College		04-500		207,420	207,420
Vocational Education—National Programs	84.051		4,716	3,832	8,548
Leveraging Educational Assistance Partnership	84.069			4,649,661	4,649,661
Women's Educational Equity Act Program	84.083			470	470
Fund for the Improvement of Postsecondary Education	84.116		383,941	4,067,764	4,451,705
Pass-Through from Brigham Young University		05LM050994FNH		4,942	4,942
Pass-Through from Howard University		633114-H00		1,358	1,358
Pass-Through from Our Lady of the Lake University		991688		370	370

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from University of Arizona		Y413921		6,240	6,240
Minority Science and Engineering Improvement	84.120			250,430	250,430
Rehabilitation Services—Vocational Rehabilitation Grants to States	84.126			178,324,008	178,324,008
Rehabilitation Long-Term Training	84.129			1,266,494	1,266,494
Pass-Through from San Diego State University		G72024		(8)	(8)
Pass-Through from San Diego State University		G72037		9,402	9,402
National Institute on Disability and Rehabilitation Research	84.133			17,770	17,770
Pass-Through from U.S. Department of Education		H133B03117		22,678	22,678
Migrant Education—High School Equivalency Program	84.141			1,743,038	1,743,038
College Housing and Academic Facilities Loans	84.142			63,272	63,272
Migrant Education—Coordination Program	84.144		120,657	593,930	714,587
Migrant Education—College Assistance Migrant Program	84.149			2,109,096	2,109,096
Business and International Education Projects	84.153			144,130	144,130
Independent Living—State Grants	84.169			1,197,317	1,197,317
Rehabilitation Services—Independent Living Services for Older Individuals Who are Blind	84.177			1,958,026	1,958,026
Special Education—Grants for Infants and Families with Disabilities	84.181		21,114,864	2,093	21,116,957
Safe and Drug-Free Schools and Communities—National Programs	84.184		4,257,592	67,330	4,324,922
Byrd Honors Scholarships	84.185		(345,750)	3,013,688	2,667,938
Safe and Drug-Free Schools and Communities—State Grants	84.186		29,507,731	979,662	30,487,393
Supported Employment Services for Individuals with Severe Disabilities	84.187			2,248,766	2,248,766
Adult Education—National Leadership Activities	84.191			9,935	9,935
Bilingual Education Support Services	84.194			331,440	331,440
Bilingual Education-Professional Development	84.195			2,090,069	2,090,069
Pass-Through from Intercultural Development Research Association		99024		(526)	(526)
Education for Homeless Children and Youth	84.196		4,458,921		4,458,921
Pass-Through from Western Illinois Star		G72051		73,888	73,888
Javits Gifted and Talented Students Education Grant Program	84.206		206,358	198,503	404,861
Even Start—State Educational Agencies	84.213		18,957,419	838,079	19,795,498
Pass-Through from Beaumont Independent School District		147872		153,929	153,929
Pass-Through from Beaumont Independent School District		230780		14,548	14,548
Pass-Through from Dallas Independent School District		268544		4,669	4,669
Pass-Through from San Marcos Independent School District		3B4712004		10,054	10,054
Pass-Through from Weatherford Independent School District		3B3892004		19	19
Fund for the Improvement of Education	84.215			285,862	285,862
Pass-Through from Denton Independent School District		G72145		201,091	201,091
Pass-Through from Education Service Center Region II		05-75		11,083	11,083
Pass-Through from Education Service Center Region II		411328		7,572	7,572
Pass-Through from Education Service Center Region II		601020,601070,602300,602610		68,270	68,270
Pass-Through from Education Service Center Region II		S215X020228		3,600	3,600
Pass-Through from Education Service Center Region II		U215X030300		6,103	6,103
Pass-Through from Education Service Center Region V		A482		103,181	103,181
Pass-Through from Hays Consolidated Independent School District		USEDU215X030357		67,384	67,384
Centers for International Business Education	84.220			351,921	351,921
Tech-Prep Education	84.243		7,669,164	1,677,149	9,346,313
Pass-Through from Tech Prep of the Rio Grande Valley Inc		51720-05		17,954	17,954
Rehabilitation Training—Continuing Education	84.264			542,817	542,817
Rehabilitation Training—State Vocational Rehabilitation Unit In-Service Training	84.265			385,863	385,863

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Goals 2000-State and Local Education Systemic Improvement Grants	84.276		(42)		(42)
Eisenhower Professional Development State Grants	84.281			64,847	64,847
Charter Schools	84.282		8,554,213	593,373	9,147,586
Pass-Through from University of Oklahoma		502230BP		110,806	110,806
Twenty-First Century Community Learning Centers	84.287		79,172,000	419,576	79,591,576
Foreign Language Assistance	84.293			255,572	255,572
Pass-Through from Corporation for Public Broadcasting		1369 44 B044		439	439
Pass-Through from Corporation for Public Broadcasting		1369 44 B677		33,738	33,738
Pass-Through from Public Broadcasting Service		R295A00002-426007		28,931	28,931
State Grants for Innovative Programs	84.298		17,922,594	1,614,050	19,536,644
Pass-Through from National Writing Project Corporation		04-TX14		43,639	43,639
Education Research, Development and Dissemination	84.305			454,490	454,490
Capacity Building for Traditionally Underserved Populations	84.315			196,420	196,420
Education Technology State Grants	84.318		60,962,681	1,854,522	62,817,203
Research in Special Education	84.324			19,670	19,670
Special Education—Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325			3,137,410	3,137,410
Pass-Through from Perot Lamar Doctoral Evaluation		G72057		2,015	2,015
Special Education—Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326			523,214	523,214
Pass-Through from University of South Florida		Laser Rese		4,728	4,728
Advanced Placement Program	84.330		799,240	684,127	1,483,367
Pass-Through from State of Maryland		510003		1,443,250	1,443,250
Grants to States for Incarcerated Youth Offenders	84.331			1,451,613	1,451,613
Comprehensive School Reform Demonstration	84.332		23,356,911	819,782	24,176,693
Demonstration Projects to Ensure Students with Disabilities Receive a Higher Education	84.333			61,462	61,462
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		3,208,186	10,306,639	13,514,825
Pass-Through from Baylor University		P334A990387		158,675	158,675
Pass-Through from Houston Independent School District		5-55112		(74)	(74)
Pass-Through from South Plains Tech Prep		1352-44-A775		11	11
Child Care Access Means Parents in School	84.335			289,677	289,677
Teacher Quality Enhancement Grants	84.336			400,936	400,936
Learning Anytime Anywhere Parnerships	84.339			57,321	57,321
Preparing Tomorrow's Teachers to Use Technology	84.342			174,775	174,775
Pass-Through from Marquette University		G72035		1,116	1,116
Pass-Through from University of Nevada Reno		G72201		284,800	284,800
Occupational and Employment Information State Grants	84.346			327,924	327,924
Early Childhood Educator Professional Development	84.349			635,731	635,731
Transition to Teaching	84.350		96,817	1,313,386	1,410,203
Reading First State Grants	84.357		99,558,915	14,086,877	113,645,792
Rural Education Achievement Program	84.358		7,898,586	367,115	8,265,701
Pass-Through from Tehama Independent School District		S359B030606		5,052	5,052
Pass-Through from Utah Navajo Development Council		S359B030972		46	46
School Leadership	84.363			6,881	6,881
English Language Acquisition State Formula Grant	84.365		52,442,811	1,369,591	53,812,402
Mathematics and Science Partnerships	84.366		1,539,524	7,182,120	8,721,644
Improving Teacher Quality State Grants	84.367		210,765,522	8,709,023	219,474,545
Pass-Through from TCB Middle School Math		G72020		16,715	16,715
Pass-Through from The College Board		G72104		10,714	10,714
Grants for State Assessments and Related Activities	84.369		3,798,725	18,069,246	21,867,971
National Writing Project	84.928			107,352	107,352
Pass-Through from National Writing Project Corporation		00-TX09		54,886	54,886

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from National Writing Project Corporation		G72200		30,074	30,074
Pass-Through from University of California Berkeley		13/92-TX03		10,000	10,000
Pass-Through from University of California Berkeley		92-TX06		49,431	49,431
Total - U.S. Department of Education			1,874,598,276	335,971,172	2,210,569,448
National Archives and Records Administration					
National Historical Publications and Records Grants	89.003			1,831,722	1,831,722
Total - National Archives and Records Administration			0	1,831,722	1,831,722
Election Assistance Commission					
Help American Vote College Pollworker Program	90.400			74,710	74,710
HAVA Requirements	90.401		16,223,921	4,409,961	20,633,882
Total - Election Assistance Commission			16,223,921	4,484,671	20,708,592
U.S. Department of Health and Human Services					
U.S. Department of Health and Human Services	93.XXX	02IPA24672/70		17,603	17,603
		0404P034632		137	137
		05EM040065FNH		2,862	2,862
		1 N02 CP-51002		113,035	113,035
		120772/119786		6,356	6,356
		150005		13	13
		170006		22,099	22,099
		17006		2,260	2,260
		40N72405		16,944	16,944
		420001		13,241	13,241
		7730780246		101,878	101,878
		991105	22,767	226,749	249,516
		991142		150,839	150,839
		991348		1,064	1,064
		IPA-NEGRETE		8,083	8,083
		N01-CM-17003 04	27,144		27,144
		N02 C0-51110 13		450,017	450,017
Pass-Through from Alliance of Community Health Plan		998192		47,744	47,744
Pass-Through from Association for Medical Education and Research in Substance Abuse		410930/12/4/2001		(134)	(134)
Pass-Through from Centro De Salud Familiar La Fe Inc		LF/CDC U64		701	701
Pass-Through from Courtesy Associates		991631		3,460	3,460
Pass-Through from Houston Academy of Medicine-Texas Medical Center Library		998183		17,465	17,465
Pass-Through from National Network Libraries of Medicine		990994		62,870	62,870
Pass-Through from Respite Care of San Antonio		991769		54,187	54,187
Pass-Through from University of Pittsburgh		NS39805		5	5
Public Health and Social Services Emergency Fund	93.003			16,500	16,500
Medical Reserve Corps Small Grant Program	93.008			68,451	68,451
Special Programs for the Aging—Title VII, Chapter 3—Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041			270,372	270,372
Special Programs for the Aging—Title VII, Chapter 2—Long Term Care Ombudsman Services for Older Individuals	93.042			1,002,986	1,002,986
Pass-Through from City of Houston		FC55472		303,460	303,460
Special Programs for the Aging—Title III, Part D—Disease Prevention and Health Promotion Services	93.043			1,929,458	1,929,458
Special Programs for the Aging—Title IV—and Title II—Discretionary Projects	93.048			2,048	2,048

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Alzheimer's Disease Demonstration Grants to States	93.051			9,520	9,520
Pass-Through from Rio Grande Council of Government		458240		30,802	30,802
National Family Caregiver Support	93.052			7,201,229	7,201,229
Food and Drug Administration—Research	93.103			312,327	312,327
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104			2,565,544	2,565,544
Model State-Supported Area Health Education Centers	93.107		215,101	583,190	798,291
Pass-Through from Hartman Nurse Friendly		G72064		4,454	4,454
Maternal and Child Health Federal Consolidated Programs	93.110		337,669	1,773,570	2,111,239
Pass-Through from Louisiana State University		991112		44,000	44,000
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		2,619,717	3,833,987	6,453,704
Pass-Through from University of California San Diego		N01 HR-36157		40,130	40,130
Pass-Through from American Medical Student Association Foundation		230-03-0015		5,374	5,374
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118		6,244	72,777	79,021
Oral Diseases and Disorders Research	93.121		42,927	1,506,916	1,549,843
Nurse Anesthetist Traineeships	93.124			7,490	7,490
Emergency Medical Services for Children	93.127			67,234	67,234
Primary Care Services Resource Coordination and Development	93.130			259,459	259,459
Injury Prevention and Control Research and State and Community Based Programs	93.136		3,202,941	350,911	3,553,852
Pass-Through from Dallas County Hospital District		1HA4HA 00027-01		38,621	38,621
Projects for Assistance in Transition from Homelessness	93.150		2,288,530	260,255	2,548,785
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153		328,579	866,081	1,194,660
Geriatric Training for Physicians, Dentists and Behavioral/Mental Health Professionals	93.156			484,910	484,910
Centers of Excellence	93.157			1,605,630	1,605,630
Health Program for Toxic Substances and Disease Registry	93.161			210,031	210,031
Grants To States for Loan Repayment Program	93.165			156,912	156,912
Nursing Workforce Diversity	93.178			639,483	639,483
Podiatric Residency Training in Primary Care	93.181			94,283	94,283
Pass-Through from University Health System		700000		14,910	14,910
Pass-Through from Department of State Health Services		G72026		77,387	77,387
Pass-Through from Migrant Clinicians Network		040050FH		27,053	27,053
Health Education and Training Centers	93.189		164,778	440,754	605,532
Pass-Through from U.S. Mexico Border Health Commission		040053FH		21,000	21,000
Allied Health Special Projects	93.191			11,539	11,539
Quentin N. Burdick Program for Rural Interdisciplinary Training	93.192			35	35
Pass-Through from U.S. Department of Health and Human Services		K-501-1-17		40	40
Childhood Lead Poisoning Prevention Projects—State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197		410,660	245,565	656,225
Telehealth Network Grants	93.211		53,655	184,182	237,837
Hansen's Disease National Ambulatory Care Program	93.215		98,920	153,115	252,035
Family Planning—Services	93.217		13,535,981	1,060,162	14,596,143
Pass-Through from International Resource Group		1031202, 0121204		3,421	3,421
Research on Healthcare Costs, Quality and Outcomes	93.226			336,628	336,628
Consolidated Knowledge Development and Application (KD&A) Program	93.230		4,403,783	2,067,102	6,470,885
Pass-Through from Center for Health Care Services		990107		129,672	129,672
Traumatic Brain Injury State Demonstration Grant Program	93.234		17,100	35,256	52,356
Abstinence Education Program	93.235		6,852,618	1,288,853	8,141,471
Grants for Dental Public Health Residency Training	93.236			28,013	28,013

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	93.238			92,639	92,639
Pass-Through from Serving Children and Adolescents in Need		991662		13,299	13,299
Policy Research and Evaluation Grants	93.239			16,063	16,063
Pass-Through from University of Kentucky		UKRF 472581-05-331		4,510	4,510
State Capacity Building	93.240			264,493	264,493
State Rural Hospital Flexibility Program	93.241			817,058	817,058
Mental Health Research Grants	93.242			91,307	91,307
Pass-Through from University of Pittsburgh		991764		4,261	4,261
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243		1,109,938	465,685	1,575,623
Pass-Through from Center for Health Care Services		990107		76,858	76,858
Pass-Through from Drug Prevention Resources Inc		991848		30,003	30,003
Pass-Through from Hope Action Care		991653		66,873	66,873
Pass-Through from Por Vida Academy		991762		74,765	74,765
Pass-Through from University of Cincinnati		N01 DA-9-8095		10,201	10,201
Advanced Education Nursing Grant Program	93.247			733,092	733,092
Pass-Through from University of Oklahoma Health Science Center		1D09 HP03182		25,570	25,570
Residency Pediatric Dentistry	93.248			(7,309)	(7,309)
Public Health Training Centers Grant Program	93.249			201,175	201,175
Universal Newborn Hearing Screening	93.251		67,250		67,250
Poison Control Stabilization and Enhancement Grants	93.253			438,733	438,733
State Planning Grants Health Care Access for the Uninsured	93.256			92,425	92,425
Rural Access to Emergency Devices Grant	93.259			179,761	179,761
Occupational Safety and Health Program	93.262		6,245	2,044,437	2,050,682
Nurse Faculty Loan Program	93.264			30,646	30,646
Comprehensive Geriatric Education Program	93.265			192,536	192,536
Immunization Grants	93.268		6,796,723	146,532,468	153,329,191
Pass-Through from Texas Department of Health		G72007		26,602	26,602
Alcohol National Research Service Awards for Research Training	93.272			16,615	16,615
Pass-Through from UT Houston Health Science Center Alcohol Intervention		G72159		19,503	19,503
Substance Abuse and Mental Health Services-Access to Recovery	93.275		59,348	213,468	272,816
Career Development Awards	93.277			55,592	55,592
Drug Abuse and Addiction Research Programs	93.279		198,007	(198,007)	
Pass-Through from University of Alabama		R01 DA12215		759,887	759,887
Mental Health Research Career/Scientist Development Awards	93.281			103,415	103,415
Mental Health National Research Service Awards for Research Training	93.282			159,273	159,273
Centers for Disease Control and Prevention—Investigations and Technical Assistance	93.283		33,856,598	32,139,710	65,996,308
Pass-Through from Association of American Medical Colleges		04EM030080FN		11,125	11,125
Pass-Through from Hispanic Serving Health Professions School		991803		125,002	125,002
Pass-Through from Texas Institute for Health Policy Research		RFP 50100-4-210034		43,017	43,017
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286			60,152	60,152
Pass-Through from University of Medicine and Dentistry of New Jersey		5 R25 RR018490 02		13,972	13,972
Small Rural Hospital Improvement Grant Program	93.301			1,302,730	1,302,730
Minority Health and Health Disparities Research	93.307		103,856	609,267	713,123
Clinical Research	93.333			296,502	296,502
Advanced Education Nursing Traineeships	93.358			619,134	619,134
Basic Nurse Education and Practice Grants	93.359		37,509	1,576,123	1,613,632
Nursing Research	93.361			47,149	47,149

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from Texas College		750917417		194,913	194,913
National Center for Research Resources	93.389		15,000	898,661	913,661
Academic Research Enhancement Award	93.390			28,719	28,719
Cancer Cause and Prevention Research	93.393			48,926	48,926
Pass-Through from Duke University		5 U10 CA076001 01		11,475	11,475
Cancer Treatment Research	93.395			571,766	571,766
Pass-Through from Axis Healthcare Communications LLC		7 R44 CA088088 02		167,838	167,838
Pass-Through from Duke University		5 U10 CA076001 07		11,322	11,322
Pass-Through from Duke University		5 U10 CA 76001-01		59,482	59,482
Pass-Through from Frontier Science and Technology Research Foundation		5 U10 CA021115 30		7,448	7,448
Pass-Through from Gynecologic Oncology Group		5 U10 CA027469 25		8,133	8,133
Pass-Through from Gynecologic Oncology Group		U10 CA027469		4,237	4,237
Pass-Through from National Childhood Cancer Foundation		5 U10 CA098543 02		36,089	36,089
Pass-Through from National Childhood Cancer Foundation		5 U10 CA098543 03		32,758	32,758
Pass-Through from National Childhood Cancer Foundation		5 U10 CA98543 02		3,750	3,750
Pass-Through from Radiation Therapy Oncology Group		U10 CA021661 30		8,094	8,094
Pass-Through from Southwest Oncology Group		5 U10 CA032102 24		3,161	3,161
Cancer Biology Research	93.396			7,256	7,256
Cancer Centers Support Grants	93.397			539,616	539,616
Cancer Research Manpower	93.398			4,856,558	4,856,558
Pass-Through from University of Washington Seattle		5 R25 CA092055 04		2,245	2,245
Cancer Control	93.399		37,099	485,270	522,369
Pass-Through from Baylor College of Medicine		5 U01 CA086117 05		10,555	10,555
Pass-Through from Baylor College of Medicine		5 U01 CA 86117-02		931	931
Pass-Through from University of California Davis		5 U01 CA086322 05		19,262	19,262
Promoting Safe and Stable Families	93.556		11,935,956	23,108,939	35,044,895
Pass-Through from Lubbock Regional MHMR		1352-44-A850		(116)	(116)
Pass-Through from Lubbock Regional MHMR		1352-44-A851		1	1
Pass-Through from Lubbock Regional MHMR		1352-44-B639		29,571	29,571
Temporary Assistance for Needy Families	93.558		113,529,198	438,675,892	552,205,090
Pass-Through from South Plains Workforce Development Board		0202TL1000		(210)	(210)
Pass-Through from South Plains Workforce Development Board		0204TANTT		8,642	8,642
Child Support Enforcement	93.563		1,197,459	182,387,500	183,584,959
Child Support Enforcement Research	93.564		4,138	331,992	336,130
Refugee and Entrant Assistance—State Administered Programs	93.566		1,612,780	13,697,914	15,310,694
Low-Income Home Energy Assistance	93.568		49,297,310	1,268,388	50,565,698
Community Services Block Grant	93.569		31,944,147	1,312,286	33,256,433
Community Services Block Grant—Discretionary Awards	93.570			108,882	108,882
Pass-Through from National Collegiate Athletic Association		14405672644		55,532	55,532
Pass-Through from National Collegiate Athletic Association		NYSP 03-266, 04-1170, 05-1140		65,110	65,110
Pass-Through from National Youth Sports Corporation		603620,604620,604640		63,117	63,117
Pass-Through from National Youth Sports Corporation		G72055		45,480	45,480
Pass-Through from National Youth Sports Corporation		NYSPF 03-307, NYSPF 04-1133		45,246	45,246
Pass-Through from National Youth Sports Corporation		NYSPF 04-269		100,447	100,447
Community Services Block Grant Formula and Discretionary Awards Community Food and Nutrition Programs	93.571		364,217		364,217
Pass-Through from United States Department of Agriculture		7543069		15,057	15,057
Refugee and Entrant Assistance—Discretionary Grants	93.576		448,480	887,540	1,336,020
Pass-Through from Collaborative for Children		90LO0093		106,911	106,911
Refugee and Entrant Assistance—Targeted Assistance Grants	93.584			3,440,115	3,440,115
Empowerment Zones Program	93.585		3,167,674	50,856	3,218,530
State Court Improvement Program	93.586			756,766	756,766

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Community-Based Child Abuse Prevention Grants	93.590		1,243,319	407,730	1,651,049
Grants to States for Access and Visitation Programs	93.597		537,411	45,206	582,617
Chafee Education and Training Vouchers Program	93.599			982,940	982,940
Head Start	93.600			1,259,019	1,259,019
Pass-Through from Association of State and Territorial Dental Directors		0004593		2,402	2,402
Pass-Through from Cen-Tex Family Services Inc		06CH0405		626	626
Pass-Through from Community Services Agency		06CH50		205	205
Pass-Through from Galveston County Community Action Council		06CH100		1,670	1,670
Pass-Through from Galveston County Community Action Council		06CH5301		104	104
Pass-Through from Greater Opportunity of Permian Basin		DHHS H-5616		15,883	15,883
Pass-Through from Greater Opportunity of Permian Basin		DHHS H-5616 04-05		185,797	185,797
Pass-Through from Gulf Coast Project Head Start		06CH-5061		451	451
Pass-Through from Harris County Department of Education		06CH6998		12,284	12,284
Pass-Through from Motivation Education Training Inc - Head Start		06CH403		150	150
Child Support Enforcement Demonstrations and Special	93.601			32,914	32,914
Adoption Incentive Payments	93.603			895,163	895,163
Mentoring Children of Prisoners	93.616			76,032	76,032
Voting Access for Individuals with Disabilities—Grants to States	93.617			4,264	4,264
Developmental Disabilities Basic Support and Advocacy Grants	93.630		3,762,350	1,236,297	4,998,647
Children's Justice Grants to States	93.643			1,227,175	1,227,175
Child Welfare Services—State Grants	93.645			20,338,120	20,338,120
Social Services Research and Demonstration	93.647			232,487	232,487
Child Welfare Services Training Grants	93.648		3,861	316,205	320,066
Pass-Through from University of Texas at Arlington Child Welfare		G72053		60,017	60,017
Adoption Opportunities	93.652			21,966	21,966
Foster Care—Title IV-E	93.658		6,278,055	183,310,537	189,588,592
Adoption Assistance	93.659			53,151,108	53,151,108
Social Services Block Grant	93.667		5,760,569	142,031,129	147,791,698
Child Abuse and Neglect State Grants	93.669			2,104,816	2,104,816
Family Violence Prevention and Services/Grants for Battered Women's Shelters—Grants to States and Indian Tribes	93.671			4,851,820	4,851,820
Chafee Foster Care Independence Program	93.674		14,774	6,941,487	6,956,261
State Children's Insurance Program	93.767			294,595,634	294,595,634
Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	93.768		223,725	339	224,064
Demonstration to Maintain Independence and Employment	93.769			(25,754)	(25,754)
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779			1,987,107	1,987,107
Pass-Through from OPRW Inc		11CMS-04-PV008		12,210	12,210
State Pharmaceutical Assistance Programs	93.786			291,480	291,480
Health Careers Opportunity Program	93.822		34,741	416,022	450,763
Basic/Core Area Health Education Centers	93.824		496,456	366,260	862,716
Heart and Vascular Diseases Research	93.837			582,110	582,110
Lung Diseases Research	93.838			25,318	25,318
Blood Diseases and Resources Research	93.839			263,827	263,827
Arthritis, Musculoskeletal and Skin Diseases Research	93.846			15,619	15,619
Diabetes, Endocrinology and Metabolism Research	93.847			100,830	100,830
Kidney Diseases, Urology and Hematology Research	93.849			259,578	259,578
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853			570,302	570,302
Allergy, Immunology and Transplantation Research	93.855			137	137
Microbiology and Infectious Diseases Research	93.856			117,646	117,646

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pharmacology, Physiology, and Biological Chemistry Research	93.859		7,039	926,232	933,271
Child Health and Human Development Extramural Research	93.865			374,677	374,677
Aging Research	93.866			627,771	627,771
Vision Research	93.867			44,747	44,747
Pass-Through from Baylor College of Medicine		2T3EY07102		15,497	15,497
Medical Library Assistance	93.879			13,652	13,652
Pass-Through from Houston Academy of Medicine-Texas Medical Center Library		N01 LM-1-3515 02		(658)	(658)
Pass-Through from Rice University		5 T15 LM07093 13		24,974	24,974
Pass-Through from Rice University		5T15LMO7093		51,498	51,498
Pass-Through from Rice University		R20773-73900003		82,724	82,724
Grants for Training in Primary Care Medicine and Dentistry	93.884		6,000	1,633,079	1,639,079
Pass-Through from Health Resources and Service Administration		6U78HP00001		24,103	24,103
Physician Assistant Training in Primary Care	93.886			91,174	91,174
Health Care and Other Facilities	93.887			313,656	313,656
Pass-Through from Piney Woods Regional Advisory Council		752603041		247,660	247,660
National Bioterrorism Hospital Preparedness Program	93.889		15,077,845	1,370,056	16,447,901
Resource and Manpower Development in the Environmental Health Sciences	93.894			8,200	8,200
Predoc Traning in Primary Care	93.896			4,582	4,582
Residency/Adv Ed Gen Dentistry	93.897			54,570	54,570
Pass-Through from Van Independent School District		4D04RH00514-03-03		40,351	40,351
Pass-Through from Central State University Ohio		604700		9,826	9,826
Rural Health Care Services Outreach and Rural Health Network Development Program	93.912			143,027	143,027
Grants to States for Operation of Offices of Rural Health	93.913			126,335	126,335
Pass-Through from Office of Rural Community Affairs		SORHNRS031		14,408	14,408
Pass-Through from University Health System		700000		111,648	111,648
HIV Care Formula Grants	93.917		17,912,326	65,074,972	82,987,298
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919			2,680	2,680
Ryan White HIV/AIDS Dental Reimbursements\Community Based Dental Partnership	93.924			209,188	209,188
Pass-Through from Valley Aids Council		970034		137,132	137,132
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938		302,815	30,396	333,211
HIV Prevention Activities—Health Department Based	93.940		10,677,301	2,935,966	13,613,267
Pass-Through from Harris County Health Department		03GEN0165		24,687	24,687
Pass-Through from Harris County Health Department		04GEN0164R		125,906	125,906
Pass-Through from Harris County Health Department		05GEN0104		116,724	116,724
Pass-Through from Harris County Health Department		05GEN0105		30,538	30,538
Pass-Through from Harris County Health Department		6H12HA000390		282,807	282,807
Pass-Through from St. Hope Foundation		03GEN0214		81,087	81,087
HIV Demonstration, Research, Public and Professional Education Projects	93.941			87,976	87,976
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943			65,602	65,602
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944		500,255	2,234,141	2,734,396
Assistance Programs for Chronic Disease Prevention and	93.945		129,595	412,932	542,527
Block Grants for Community Mental Health Services	93.958		21,302,980	2,363,039	23,666,019
Block Grants for Prevention and Treatment of Substance Abuse	93.959		113,226,571	33,760,126	146,986,697
Health Administration Traineeships Program	93.962			121,593	121,593
Public Health Traineeships	93.964			72,881	72,881

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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 Education Centers	93.969		16,336	437,981	454,317
Pass-Through from Baylor College of Medicine		1D31 HP 70112-01		5,172	5,172
Pass-Through from Baylor College of Medicine		458520		4,108	4,108
Pass-Through from Baylor College of Medicine		5 D31 HP 70112-04		4,300	4,300
Pass-Through from Baylor College of Medicine		5 D31 HP70112-05		4,937	4,937
Pass-Through from Baylor College of Medicine		741613878		513	513
Pass-Through from Baylor College of Medicine		D31HP70112		21,003	21,003
Pass-Through from Baylor College of Medicine		G72209		23,597	23,597
Family Planning—Service Delivery Improvement Research Grants	93.974		145,740	17,900	163,640
Preventive Health Services—Sexually Transmitted Diseases Control Grants	93.977		3,965,993	4,180,835	8,146,828
Preventive Health Services—Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants	93.978		203,912	193,917	397,829
Mental Health Disaster Assistance and Emergency Mental Health	93.982		5,250	45,238	50,488
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988		283,745	562,221	845,966
International Research and Research Training	93.989		28,998	528,082	557,080
Preventive Health and Health Services Block Grant	93.991		2,596,517	3,984,047	6,580,564
Maternal and Child Health Services Block Grant to the States	93.994		10,282,842	26,358,749	36,641,591
Bioterrorism Training and Curriculum Development Program	93.996		(67,380)	1,853,725	1,786,345
Pass-Through from City of Houston Health and Human Services		FC55409		417	417
Total - U.S. Department of Health and Human Services			505,377,987	1,771,210,236	2,276,588,223
Corporation for National and Community Service					
Retired and Senior Volunteer Program	94.002			91,316	91,316
State Commissions	94.003			36	36
Learn and Serve America—School and Community Based Programs	94.004		1,730,103		1,730,103
Pass-Through from Temple University		31-2462-321		9,114	9,114
Pass-Through from Americorps		1319-44-B076		16	16
Pass-Through from Americorps		1319-44-B666		60,176	60,176
Pass-Through from OneStar Foundation		991967		80,022	80,022
Pass-Through from Texas Commission on Volunteerism and Community Service		G72028		280,043	280,043
Planning and Program Development Grants	94.007		10,500	122,113	132,613
Total - Corporation for National and Community Service			1,740,603	642,836	2,383,439
Social Security Administration					
Social Security Administration	96.XXX	28040001		5,392,846	5,392,846
Social Security—Research and Demonstration	96.007			906,029	906,029
Total - Social Security Administration			0	6,298,875	6,298,875
Department of Homeland Security					
Department of Homeland Security	97.XXX	2004-GT-T4-K002		96,250	96,250
		806754677		306,611	306,611
		FEMA 1041		50,073	50,073
		FEMA-1257-UN	390,521	2,546,517	2,937,038
		TC-03-001G		48,418	48,418
State and Local Homeland Security Training Program	97.005			1,171,085	1,171,085
Homeland Security Preparedness Technical Assistance	97.007			1,845,005	1,845,005
Urban Areas Security Initiative	97.008		3,548,983	416,886	3,965,869

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
Department of Homeland Security (continued)					
Pre-Disaster Mitigation (PDM) Competitive Grants	97.017			2,560,438	2,560,438
Community Assistance Program- State Support Services	97.023			269,245	269,245
National Urban Search & Rescue (US&R) Response System	97.025			595,447	595,447
Flood Mitigation Assistance	97.029		1,452,672	48,724	1,501,396
Public Assistance Grants	97.036			54,633,588	54,633,588
Hazard Mitigation Grant	97.039			46,411,222	46,411,222
National Dam Safety Program	97.041			102,886	102,886
State Fire Training Systems Grants	97.043			28,000	28,000
Fire Management Assistance Grant	97.046			303,001	303,001
Pre-Disaster Mitigation	97.047			389,320	389,320
Federal Assistance to Individuals and Households- Other Needs	97.050			2,249	2,249
State and Local All Hazards Emergency Operations Planning	97.051			(1,920)	(1,920)
Community Emergency Response Teams	97.054			105,273	105,273
Pre-Disaster Mitigation Disaster Resistant Universities	97.063			31,050	31,050
Homeland Security Information Technology and Evaluation Program	97.066			600,200	600,200
Total - Department of Homeland Security			5,392,176	112,559,568	117,951,744
United States Agency for International Development					
USAID Foreign Assistance for Programs Overseas	98.001				
Pass-Through from University of Nebraska		LAG-G-00-96-90009-00		53,331	53,331
USAID Development Partnerships for University Cooperation	98.012				
Pass-Through from Association Liaison Office for University Cooperation in Development		991837		12,319	12,319
Total - United States Agency for International Development			0	65,650	65,650
Total Non-Clustered Programs			3,001,968,604	5,223,187,179	8,225,155,783
RESEARCH AND DEVELOPMENT CLUSTER					
U.S. Department of Agriculture					
U.S. Department of Agriculture	10.XXX	03CS11030300-047/029		6,127	6,127
		2001-52103-11304		856	856
		FSIS-C-44-2003		4,806	4,806
		FSIS-C-45-2003		3,924	3,924
Pass-Through from Oregon Department of Transportation		18560		(84)	(84)
Pass-Through from U.S. Army Medical Research		W81XWH-05-2-0012		600,437	600,437
Pass-Through from University of Illinois Champaign-Urbana		02-204		806	806
Agricultural Research—Basic and Applied Research	10.001			4,145,397	4,145,397
Pass-Through from Baylor University		R24MH59656		(233)	(233)
Pass-Through from Monsanto		401426		1,378	1,378
Plant and Animal Disease, Pest Control, and Animal Care	10.025			823,290	823,290
Pass-Through from Kansas State University		502586		575	575
Pass-Through from Kansas State University		502680		3,510	3,510
Pass-Through from Kansas State University		502681		22,402	22,402
Pass-Through from Kansas State University		502717		262	262
Pass-Through from Kansas State University		502734		14	14
Wildlife Services	10.028			256,141	256,141
Colorado River Basin Salinity Control Program	10.070		67,776		67,776
Grants for Agricultural Research, Special Research Grants	10.200		1,231,144	10,951,326	12,182,470
Pass-Through from ACDI/VOCA		502565		759	759
Pass-Through from Brooks City Base Foundation Inc		A163		60,254	60,254
Pass-Through from Colorado State University		G-1437-1		25,495	25,495
Pass-Through from International Arid Lands		Y404831		24,372	24,372
Pass-Through from Kansas State University		502486		3,368	3,368

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from Kansas State University		502487		25,869	25,869
Pass-Through from Kansas State University		502488		70,664	70,664
Pass-Through from Kansas State University		502489		76,985	76,985
Pass-Through from Kansas State University		502490		24,825	24,825
Pass-Through from Kansas State University		502491		70,314	70,314
Pass-Through from Kansas State University		502492		4,389	4,389
Pass-Through from Kansas State University		502493		86,401	86,401
Pass-Through from Kansas State University		502516		39,333	39,333
Pass-Through from Kansas State University		502854		3,907	3,907
Pass-Through from Louisiana State University		502599		(8,445)	(8,445)
Pass-Through from Louisiana State University		503041		90,882	90,882
Pass-Through from Montana State University		503076		9,434	9,434
Pass-Through from New Mexico State University		1351-44-C039		351	351
Pass-Through from New Mexico State University		2002-3418612385		9,856	9,856
Pass-Through from New Mexico State University		2004-3418614533		20,963	20,963
Pass-Through from New Mexico State University		502867		44,628	44,628
Pass-Through from New Mexico State University		502868		2,754	2,754
Pass-Through from New Mexico State University		502869		20,268	20,268
Pass-Through from New Mexico State University		502870		3,403	3,403
Pass-Through from New Mexico State University		502871		451	451
Pass-Through from New Mexico State University		502872		18,554	18,554
Pass-Through from New Mexico State University		502874		8,000	8,000
Pass-Through from New Mexico State University		502902		3,956	3,956
Pass-Through from New Mexico State University		502903		5,839	5,839
Pass-Through from New Mexico State University		502926		6,634	6,634
Pass-Through from New Mexico State University		502939		9,331	9,331
Pass-Through from New Mexico State University		502940		2,133	2,133
Pass-Through from New Mexico State University		570189	11,965		11,965
Pass-Through from New Mexico State University		SWC-02N02		32,126	32,126
Pass-Through from New Mexico State University		SWC-02N05		24,693	24,693
Pass-Through from New Mexico State University		SWC04R02		39,356	39,356
Pass-Through from New Mexico State University Joe Skeen Institute		502987		14,742	14,742
Pass-Through from New Mexico State University Joe Skeen Institute		503027		19,278	19,278
Pass-Through from New Mexico State University Joe Skeen Institute		503029		3,514	3,514
Pass-Through from New Mexico State University Joe Skeen Institute		503030		3,868	3,868
Pass-Through from New Mexico State University Joe Skeen Institute		503031		167	167
Pass-Through from New Mexico State University Joe Skeen Institute		503032		378	378
Pass-Through from New Mexico State University Joe Skeen Institute		503033		24,673	24,673
Pass-Through from New Mexico State University Joe Skeen Institute		503035		18,945	18,945
Pass-Through from New Mexico State University Joe Skeen Institute		503105		2,190	2,190
Pass-Through from New Mexico State University Joe Skeen Institute		503106		2,037	2,037
Pass-Through from New Mexico State University Joe Skeen Institute		503110		6,722	6,722

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from New Mexico State University Joe Skeen Institute		503159		6,547	6,547
Pass-Through from New Mexico State University Joe Skeen Institute		503246		1,888	1,888
Pass-Through from New Mexico State University Joe Skeen Institute		503249		1,508	1,508
Pass-Through from New Mexico State University Joe Skeen Institute		503250		6,336	6,336
Pass-Through from New Mexico State University Joe Skeen Institute		503251		3,197	3,197
Pass-Through from North Carolina State University		502312		1,662	1,662
Pass-Through from North Carolina State University		502654		14,815	14,815
Pass-Through from Oceanic Institute		502731		2,223	2,223
Pass-Through from Oceanic Institute		502973		121,618	121,618
Pass-Through from Oceanic Institute		503253		52,941	52,941
Pass-Through from Southern Regional Aquaculture Center		UTA04-420		1,475	1,475
Pass-Through from University of California		503100		8,018	8,018
Pass-Through from University of California Davis		502594		(286)	(286)
Pass-Through from University of California Davis		502836		1,195	1,195
Pass-Through from University of California Davis		502888		38,926	38,926
Pass-Through from University of California Davis		503206		5,143	5,143
Pass-Through from University of California Davis		503207		809	809
Pass-Through from University of Florida		502317		35	35
Pass-Through from University of Florida		502574		450	450
Pass-Through from University of Florida		502688		79,631	79,631
Pass-Through from University of Florida		502751		3,659	3,659
Pass-Through from University of Florida		502800		46	46
Pass-Through from University of Florida		502889		88,117	88,117
Pass-Through from University of Florida		503059		12,305	12,305
Pass-Through from University of Florida		503103		8,000	8,000
Pass-Through from University of Georgia		502201		758	758
Pass-Through from University of Georgia		502202		(1,495)	(1,495)
Pass-Through from University of Georgia		502753		1,885	1,885
Pass-Through from University of Georgia		503086		10,000	10,000
Pass-Through from University of Georgia		503134		7,172	7,172
Pass-Through from University of Georgia Research Foundation		RD3090403581467		98,452	98,452
Pass-Through from University of Missouri		01111441-1 / C-5-36821		7,729	7,729
Cooperative Forestry Research	10.202		1,194,564	302,752	1,497,316
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203			6,428,893	6,428,893
Grants for Agricultural Research—Competitive Research Grants	10.206		104,810	2,572,326	2,677,136
Pass-Through from Albert Einstein College of Medicine		503124		8,103	8,103
Pass-Through from Auburn University		20043520414689		10,328	10,328
Pass-Through from Colorado State University		502592		4,981	4,981
Pass-Through from Colorado State University		502701		(214)	(214)
Pass-Through from Michigan State University		61-4280B		82,638	82,638
Pass-Through from Mississippi State University		05 301		9,264	9,264
Pass-Through from New Mexico State University		G13 Q00882		33,475	33,475
Pass-Through from Oklahoma State University		502386		15,998	15,998
Pass-Through from Purdue University		591-0588-01		23,523	23,523
Pass-Through from University of Maryland		503205		6,552	6,552
Animal Health and Disease Research	10.207			193,905	193,905
Pass-Through from University of California Davis		502245		4,316	4,316
Small Business Innovation Research	10.212			41,159	41,159
Pass-Through from Chemical Business Development		2004-1		9,135	9,135

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Consulting					
Sustainable Agriculture Research and Education	10.215		1,264		1,264
Pass-Through from Fort Valley State University		2003-1008-01		9,408	9,408
1890 Institution Capacity Building Grants	10.216			151,724	151,724
Higher Education Challenge Grants	10.217		63,889	112,963	176,852
Pass-Through from University of Arkansas		UA AES 90774-02		33,556	33,556
Pass-Through from University of Florida		502630		7,672	7,672
Pass-Through from University of Illinois		502938		(1,386)	(1,386)
Higher Education Multicultural Scholars Program	10.220			5,524	5,524
Pass-Through from Colorado State University		503037		52,346	52,346
Hispanic Serving Institutions Education Grants	10.223			348,383	348,383
Pass-Through from North Carolina State University		502306		3,065	3,065
Pass-Through from North Carolina State University		502414		2,991	2,991
Pass-Through from North Carolina State University		502448		5,009	5,009
Pass-Through from North Carolina State University		502712		3,203	3,203
Community Food Projects	10.225			1,488,026	1,488,026
Agricultural and Rural Economic Research	10.250			21,660	21,660
Initiative for Future Agriculture and Food Systems	10.302		280,736	386,328	667,064
Pass-Through from University of Arizona		502235		20,551	20,551
Pass-Through from University of Minnesota		502433		4,569	4,569
Integrated Programs	10.303		35,260	603,001	638,261
Pass-Through from North Carolina State University		2004-1501-03		8,086	8,086
Pass-Through from Pennsylvania State University		2217TTUUSDA1367		2,376	2,376
Pass-Through from University of Arkansas		502575		52,890	52,890
Homeland Security-Agricultural	10.304			89,377	89,377
Crop Insurance	10.450		55,205	3,496,595	3,551,800
Pass-Through from Grazinglands Conservation		503015		43,660	43,660
Pass-Through from Grazinglands Conservation		503016		44,923	44,923
Pass-Through from Grazinglands Conservation		503109		16,918	16,918
Pass-Through from Mississippi State University		320961 010500		52,656	52,656
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475			617,837	617,837
Cooperative Extension Service	10.500		69,608	619,618	689,226
Pass-Through from Louisiana State University		502616		1,292	1,292
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557			224,788	224,788
Child and Adult Care Food Program	10.558			21,702	21,702
Forestry Research	10.652			1,694,140	1,694,140
Cooperative Forestry Assistance	10.664			382,776	382,776
Forest Health Protection	10.680			9,249	9,249
National Sheep Industry Improvement Center	10.774			31,059	31,059
Resource Conservation and Development	10.901			558,587	558,587
Pass-Through from Southern Forest Research Partnership		503115		42,351	42,351
Soil and Water Conservation	10.902			273,117	273,117
Watershed Protection and Flood Prevention	10.904			247,926	247,926
Plant Materials for Conservation	10.905			44,055	44,055
Pass-Through from National Fish and Wildlife Foundation		2004-0027-000		43,253	43,253
Environmental Quality Incentives Program	10.912			585,526	585,526
Pass-Through from Mississippi State University		503104		34,484	34,484
Agricultural Statistics Reports	10.950			29,251	29,251
Pass-Through from U.S. Department of Agriculture		G510027		17,225	17,225
Technical Agricultural Assistance	10.960			1,071	1,071
Scientific Cooperation and Research	10.961			28,989	28,989
Pass-Through from Academy for Educational Development		502986		28,096	28,096
Pass-Through from Association Liaison Office		502786		2,897	2,897
Pass-Through from Association Liaison Office		502856		33,254	33,254

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from Chemonics International Inc		502978		36,841	36,841
Pass-Through from Chemonics International Inc		503061		21,037	21,037
Pass-Through from CIMMYT		502431		1,349	1,349
Pass-Through from CIMMYT		502651		25,360	25,360
Pass-Through from CIMMYT		502683		125,427	125,427
Pass-Through from CIMMYT		503142		38,932	38,932
Pass-Through from DAI Alternatives Inc		502906		355,455	355,455
Pass-Through from ICRISAT		502425		16,488	16,488
Pass-Through from Texas A&M Research Foundation		S040054		39,673	39,673
Pass-Through from Winrock International Institute for Agricultural Development		502679		193,623	193,623
International Training—Foreign Participant	10.962			132,303	132,303
Pass-Through from Association Liaison Office		502370		2,996	2,996
Pass-Through from Association Liaison Office		502461		1,412	1,412
Pass-Through from Association Liaison Office		502639		11,290	11,290
Pass-Through from Association Liaison Office		502645		17,632	17,632
Pass-Through from Association Liaison Office		502664		412	412
Pass-Through from Association Liaison Office		502665		23,819	23,819
Pass-Through from Association Liaison Office		502953		15,099	15,099
Pass-Through from Citizens Network for Foreign Affairs		503042		9,539	9,539
Pass-Through from Citizens Network for Foreign Affairs		503043		19,295	19,295
Pass-Through from Institute National de Recherche		570161	12,819		12,819
Pass-Through from Mercy Corps		570210	(59,169)		(59,169)
Pass-Through from Mercy Corps		570238	59,169		59,169
Pass-Through from Michigan State University		502210		(9,115)	(9,115)
Pass-Through from Michigan State University		502694		75,568	75,568
Pass-Through from The Partnership for Enhancing Agriculture		502974		466,674	466,674
Pass-Through from University of California Davis		502881		107,715	107,715
Pass-Through from University of California Davis		502979		59,651	59,651
Pass-Through from University of California Davis		503063		268,882	268,882
Pass-Through from University of California Davis		503064		77,532	77,532
Pass-Through from University of Malawi Bunda College of Agriculture		570211	(18,152)		(18,152)
Total - U.S. Department of Agriculture			3,110,888	42,884,949	45,995,837
U.S. Department of Commerce					
U.S. Department of Commerce	11.XXX	EAR-0413265	119,010	512,634	631,644
Pass-Through from Jardon and Howard Technologies Inc		JHT-05-001		29,770	29,770
Pass-Through from Joint Oceanographic Institutions		F001661		17,168	17,168
Pass-Through from Molecular Imprints Inc		70NANB4H3012		244,861	244,861
Pass-Through from Northrop Grumman		83547DDM3S,REV 006		145,952	145,952
Pass-Through from Association Liaison Office		HNE-A-00-97-00059-00		42,693	42,693
Special American Business Internship Training Program	11.114			7,418	7,418
Economic Development—Technical Assistance	11.303			81,857	81,857
Economic Adjustment Assistance	11.307			255,129	255,129
Research and Evaluation Program	11.312			149,417	149,417
Pass-Through from Northrup Grumman		8200081677		14,616	14,616
Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)	11.400			1,725	1,725
Interjurisdictional Fisheries Act of 1986	11.407			123,881	123,881
Sea Grant Support	11.417			2,604,005	2,604,005
Pass-Through from Oregon State University		NA684H-A 6003690		33,602	33,602
Pass-Through from South Carolina Sea Grant		502652		853	853

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from TDI-Brooks International		502625		72,453	72,453
Coastal Zone Management Administration Awards	11.419			884,030	884,030
Pass-Through from Orange County		NA1700Z2185	24,700	54,606	79,306
Pass-Through from Point Isabel Independent School District		UTA04-439		8,664	8,664
Coastal Zone Management Estuarine Research Reserves	11.420			133,627	133,627
Financial Assistance for National Centers for Coastal Ocean Science	11.426			858,057	858,057
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427			26,240	26,240
Pass-Through from University of Southern Mississippi		501861		252	252
Undersea Research	11.430			36,976	36,976
Pass-Through from Joint Oceanographic Institutions		T303A17/T303A18		47,473	47,473
Climate and Atmospheric Research	11.431		3,339	396,419	399,758
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432			41,628	41,628
Pass-Through from University of Alaska		UAF05-0091: FP504768		5,135	5,135
Pass-Through from University of Oklahoma		503062		30,849	30,849
Marine Fisheries Initiative	11.433			274,888	274,888
Pass-Through from Louisiana State University		502790		8,427	8,427
Cooperative Fishery Statistics	11.434			59,610	59,610
Southeast Area Monitoring and Assessment Program	11.435			51,474	51,474
Pass-Through from Alaska Sealife Center		R1921-07		52,907	52,907
Pass-Through from Texas A&M Research Foundation		S020005 / 452991-00001		8,898	8,898
Pass-Through from Texas A&M Research Foundation		S030095		1,731	1,731
Enviornmental Sciences, Applications, Data, and Education	11.440			50,861	50,861
Special Oceanic and Atmospheric Projects	11.460			256,410	256,410
Pass-Through from University of Alaska		600710,601160		57,625	57,625
Habitat Conservation	11.463			3,302	3,302
Pass-Through from National Fish and Wildlife Foundation		502908		7,470	7,470
Coastal Services Center	11.473			1,838	1,838
Pass-Through from Geotechnology Research Institute		H17-2003	39,624	12,502	52,126
Center for Sponsored Coastal Ocean Research—Coastal Ocean Program	11.478			163,980	163,980
Educational Partnership Program	11.481		429	42,182	42,611
Technology Opportunities Program	11.552		16,825	53,550	70,375
Measurement and Engineering Research and Standards	11.609			35,471	35,471
Pass-Through from Nanospectra Biosciences Inc		70NANB4H3040		139,000	139,000
Manufacturing Extension Partnership	11.611		211,147	2,399,186	2,610,333
Advanced Technology Program	11.612			215,164	215,164
Pass-Through from Receptor Logic Limited		70NANB4H3048		70,208	70,208
Pass-Through from Zyvez Corporation		G72248		(23)	(23)
Congressionally Identified Projects	11.617		79,035	1,565,715	1,644,750
Total - U.S. Department of Commerce			494,109	12,394,366	12,888,475
U.S. Department of Defense					
U.S. Department of Defense	12.XXX	0200-95		23,906	23,906
		040000		49,848	49,848
		040001	16,120	145,198	161,318
		060001		122,133	122,133
		1335-44-1117		23,821	23,821
		CON14532		1,324	1,324
		DAAD13-02-C0058		1,839	1,839
		DAAD13-02C0065		268	268

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
		DAAD13-02C0067		267	267
		DAAD13-02C0068		430	430
		DAAD13-02-C0070		4,143	4,143
		DAAD13-02C0071		4,369	4,369
		DAAD13-02-C0074	(1,848)	162	(1,686)
		DAAD13-02-C0075		4,726	4,726
		DAAD13-02C0076	7,464	(52)	7,412
		DAAE30-02-C1132	160,636	37,166	197,802
		DACA42-02-C-0009		5,308	5,308
		DACA72-01-C0042	390	1,244,160	1,244,550
		DADA42-03-P0324		39,741	39,741
		DOD - SBCCOM		259,993	259,993
		F 41621-03-P-0192		6,610	6,610
		F08650-03-C0012	49,621		49,621
		FA9300-05-M-T011		45,584	45,584
		G73138		183,029	183,029
		G73182		10,618	10,618
		N6311601G01PA03		1,780	1,780
		NAG9-1514	30,735	10,065,948	10,096,683
		R14051-72600003		6,491	6,491
		UTA05-120		51,013	51,013
		W911QY05P0078		48,214	48,214
		W911SR04-C0047		137,851	137,851
		W911SR04-C0048		115,706	115,706
		W911SR04-C0050		130,777	130,777
		W911SR04-C0058		65,698	65,698
		W911SR04C0062		130,076	130,076
		W911SR04-C0063		80,150	80,150
		W911SR04C0065		154,891	154,891
		W911SR-04-C-0065		24,383	24,383
		W911SR04-C0068		144,221	144,221
		W911SR04-C0070		150,052	150,052
		W911SR04-C0078		42,006	42,006
Pass-Through from ACCACIA International		UTA05-002		32,966	32,966
Pass-Through from Accurate Automation Corp		DAGS6001C 0088		62,830	62,830
Pass-Through from Agility Communications		UTA05-043,		121,462	121,462
Pass-Through from Applied Research Associates		S-29000.7		139,021	139,021
Pass-Through from BAE Systems		04246-7982		32,304	32,304
Pass-Through from Ball Aerospace and Technologies		Z220000		10,755	10,755
Pass-Through from Battelle		172101 / 2002-45810-000		(1,543)	(1,543)
Pass-Through from Boston College		558-2		70,575	70,575
Pass-Through from Brooks City Base Foundation Inc		BCBF0001TSUFA890 10430001		50,722	50,722
Pass-Through from California Institute of Technology		961429		110,125	110,125
Pass-Through from City of Lewisville		G72212		219,377	219,377
Pass-Through from Curtiss Wright Electro-Mechanical Corporation		W15QKN-04-C-1103	83,010	2,071,622	2,154,632
Pass-Through from Echo Technical		UTA05-006		48,324	48,324
Pass-Through from Florida State University		A03860 / N00014-02-1-0623		1,527,766	1,527,766
Pass-Through from General Atomics Technology		KJ410301		2,108,391	2,108,391
Pass-Through from HEM Technologies		1354-44-B757		24,676	24,676
Pass-Through from HEM Technologies		1354-44-B868		11,236	11,236
Pass-Through from HydraFLX Systems LLC		UTA03-029		7,714	7,714

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from Illinois State University		UTA04-078 151002412009433		11,838	11,838
Pass-Through from Innovative Scientific Solutions		SB04008, UTA04-436		74,547	74,547
Pass-Through from ITT Industries Inc		169392J- 69392 DO 4		746	746
Pass-Through from KAI Inc		UTA04-097		7,827	7,827
Pass-Through from Kato Engineering		W15QKN-04-C-1103	42,002	503,604	545,606
Pass-Through from Kaufman and Robinson Inc		F49620-03-C0088		2,997	2,997
Pass-Through from Lockheed Martin Corporation		4300050944/DAAD19 -00-9-0001		(422)	(422)
Pass-Through from Mantech Environmental Research Service Corporation		MTIT5J030		40,022	40,022
Pass-Through from Massachusetts Institute of Technology		5710001354		(10,761)	(10,761)
Pass-Through from Medical University of South Carolina Foundation		N00017-99-1-0784		8	8
Pass-Through from Mississippi State University		060808-01090729-08,CO1,TSK4,M7		1,894,098	1,894,098
Pass-Through from Mississippi State University		N62306-01-D-7110		26,596	26,596
Pass-Through from Molecular Imprints Inc		MII-2002-01		95,739	95,739
Pass-Through from National Center for Educational Accountability		UTA04-186		546,837	546,837
Pass-Through from Nevada Automotive Test Center		M67854-03-A-5091-0037		139,971	139,971
Pass-Through from New Jersey Institute of Technology		W911NF-04-C-0109		7,351	7,351
Pass-Through from Ohio State University		745786		9,594	9,594
Pass-Through from Old Dominion University Research Foundation		991546		77,807	77,807
Pass-Through from Omega Optics Inc		SC02-0304		205,999	205,999
Pass-Through from Rice University		R13538-41600005		68,143	68,143
Pass-Through from Scenpro Inc		UTA02-424		(2,536)	(2,536)
Pass-Through from Science Applications International Corporation		4400084011		791,077	791,077
Pass-Through from Science Applications International Corporation		4400115969		2,541	2,541
Pass-Through from Scimitar Technologies LLC		UTA05-180		29,333	29,333
Pass-Through from Southern Coalition for Advanced Transportation		MDA972-94-2-0003(RA94-24)	33,627	17,764	51,391
Pass-Through from Southwest Research Institute		SWRI 399847P		43,634	43,634
Pass-Through from SRI International		03.000224		518,746	518,746
Pass-Through from Standard Performance Evaluation Corporation		UTA04-424		11,817	11,817
Pass-Through from SY Coleman		41D040342		133,900	133,900
Pass-Through from Systems and Materials Research Corporation		FA8650-05-M-5605		18,316	18,316
Pass-Through from Systems and Materials Research Corporation		SMRC-52		6,420	6,420
Pass-Through from The Boeing Company		PRE-AWARD		3,255	3,255
Pass-Through from The Geneva Foundation		991893		10,195	10,195
Pass-Through from University of California Berkeley		SA4473-32446		258,283	258,283
Pass-Through from University of Chicago		F49620-01-10335		17,954	17,954
Pass-Through from University of Southern California		030919		55,409	55,409
Pass-Through from University of Wisconsin		P042501		241,466	241,466
Pass-Through from DOD—Army		W911SR-04-C-0065		82,591	82,591
Pass-Through from Vax Design		70003		354,732	354,732
Pass-Through from Weston Solutions		0048944		21,216	21,216
Pass-Through from Xidex Corporation		UTA03-508		90,874	90,874
Procurement Technical Assistance For Business Firms	12.002			140,861	140,861
Beach Erosion Control Projects	12.101			148,305	148,305
Flood Plain Management Services	12.104			34,119	34,119

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Protection, Clearing and Straightening Channels	12.109			20,570	20,570
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113		11,992	32,531	44,523
Pass-Through from Aviation and Missile Solutions LLC		038-02K1		1,567,190	1,567,190
Collaborative Research and Development	12.114		220,207	1,083,122	1,303,329
Pass-Through from Groundwater Services Inc		99-002		(51)	(51)
Pass-Through from Honeywell Inc		A004600 / DAAD19-01-2-0010		5,820	5,820
Pass-Through from Parsons Infrastructure and Technology Group Inc		735361 30038		404,252	404,252
Pass-Through from University of Michigan		AGR 05-0328		140,576	140,576
Pass-Through from University of South Florida		6402-1004-02-A		49,800	49,800
Pass-Through from University of South Florida		6402-1004-03-A		49,092	49,092
Pass-Through from Wingler and Sharp Inc		735361 30038		49,660	49,660
Basic and Applied Scientific Research	12.300		2,268,680	67,456,525	69,725,205
Pass-Through from Applied Research Associates		FCS SAG		25,453	25,453
Pass-Through from Battelle Pacific Northwest Labor		PNL01-0000012697		8,583	8,583
Pass-Through from Bennington Microtechnology Center		N00014-04-1-0611		523,292	523,292
Pass-Through from California Institute of Technology		68-1074599		69,026	69,026
Pass-Through from Calnetix		00027779		27,996	27,996
Pass-Through from Custom Manufacturing and Engineering Inc		P11595		30,233	30,233
Pass-Through from Drexel University		204080		81,105	81,105
Pass-Through from Florida Atlantic University		TRD67		76,283	76,283
Pass-Through from Georgia Tech Research Institute		B-12-M06-S10		99,571	99,571
Pass-Through from Harvard University		04-0703		89,599	89,599
Pass-Through from Honeywell International		B09390131		60,600	60,600
Pass-Through from Imaging Microsensors Inc		IMI002-04-S-001		32,885	32,885
Pass-Through from Johns Hopkins University		JHU/APL-898788		1,064,637	1,064,637
Pass-Through from KAI Inc		UTA05-597		25,897	25,897
Pass-Through from Marlow Industries Inc		AGR 04-0575		48,601	48,601
Pass-Through from Mississippi State University		CE-K4-001		101,360	101,360
Pass-Through from National Reconnaissance Office		03-C-0202-PZ0001		786,525	786,525
Pass-Through from Office of Naval Research		G72207		5,169	5,169
Pass-Through from Pennsylvania State University		2795-UT-ONR-0683		60,608	60,608
Pass-Through from Product Development Concept		N00014-04-C-0345		70,501	70,501
Pass-Through from Rice University		4F-01541, M0001-R14501		67,693	67,693
Pass-Through from Rice University		R13539-4160004		86,863	86,863
Pass-Through from Sandia National Laboratories		355392		102,624	102,624
Pass-Through from St. Mary's University		502722		77,845	77,845
Pass-Through from State University of New York		1001499/1/012054/N00014-00-1-0951		64,355	64,355
Pass-Through from University of Colorado		154-0303,		19,355	19,355
Pass-Through from University of Dayton Research Institute		RSC05003		24,368	24,368
Pass-Through from University of Southern Mississippi		UTA05-358		68,567	68,567
Pass-Through from DOD—Navy		26-0798-01		4,142,484	4,142,484
National Guard Military Operations and Maintenance (O&M) Projects	12.401			45,129	45,129
Military Medical Research and Development	12.420		3,892,249	25,024,845	28,917,094
Pass-Through from City of San Francisco		DAMD170310481		60,883	60,883
Pass-Through from Emory University		DAMD170320033		141,924	141,924
Pass-Through from Fred Hutchinson Cancer Research Center		DAMD17-02-1-0691		63,796	63,796
Pass-Through from Geo-Centers Inc		44178SM		71,854	71,854
Pass-Through from Indiana University		DAMD170310216		392,346	392,346
Pass-Through from Lockheed Martin Corporation		DAAH01-01-9R001		17,529	17,529
Pass-Through from Memorial Hermann Healthcare System		DAMD 17-03-C-97		176,349	176,349

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from National Medical Technology		200171UTMB-Esenaliev		53,298	53,298
Pass-Through from National Medical Technology		ACC2000-106000	6,177	923	7,100
Pass-Through from National Medical Technology TestBed		2002-102-TEES-WANG		98,157	98,157
Pass-Through from National Medical Technology TestBed		2002-56-TEES-WRIGHT		2,062	2,062
Pass-Through from Oklahoma State University		AA-5-75063-A		35,079	35,079
Pass-Through from Regents of University of California		DAMD170210638		295,091	295,091
Pass-Through from Rice University		DAMD17-03-1-0384-03		161,602	161,602
Pass-Through from The Scripps Research Institute		W81XWH510316		51,944	51,944
Pass-Through from University of Oklahoma		DAMD17020702		15,672	15,672
Pass-Through from Wake Forest University		DAMD170110447		61,959	61,959
Basic Scientific Research	12.431		509,995	10,143,485	10,653,480
Pass-Through from Academy of Applied Science		W911NF-04-1-0226		13,584	13,584
Pass-Through from California Institute of Technology		991376		(5,477)	(5,477)
Pass-Through from J&J Maintenance		04-0134		138,965	138,965
Pass-Through from Northwestern University		0650 300 F294 1104		62,801	62,801
Pass-Through from Rice University		R13231-72000099		(2,853)	(2,853)
Pass-Through from San Diego State University Foundation		53206AP3328		(208)	(208)
Pass-Through from Sarcos Research Corporation		DAMD1700C0013		(407)	(407)
Pass-Through from SI International		LNG-2005-032128		19,226	19,226
Pass-Through from Stevens Institute of Technology		527826-09		93,531	93,531
Pass-Through from University of California Berkeley		SA4485-32449_W911NF0410304		88,702	88,702
Pass-Through from University of California Santa Barbara		KK3129 (DAAD-19-03-1-0058)		109,535	109,535
Pass-Through from Wingler and Sharp Inc		04-0133		96,990	96,990
Basic, Applied, and Advanced Research in Science and Engineering	12.630		375,348	1,230,567	1,605,915
Pass-Through from Battelle Chapel Hill		TCN 501800		11,191	11,191
Pass-Through from Bell Helicopter		163920-33 CO 4		107,314	107,314
Pass-Through from Brown University		1132-21072		203,672	203,672
Pass-Through from CSA Engineering Inc		NM-2238		85,345	85,345
Pass-Through from Intuitive Research and Technology		V3417(N)-TAMU-002		(1,888)	(1,888)
Pass-Through from Intuitive Research and Technology		V3418(AF)-TAMU-001		(4,092)	(4,092)
Pass-Through from Intuitive Research and Technology		V3419(MC)-TAMU-002		(6,988)	(6,988)
Pass-Through from Northwestern University		0650 300 F416 415		104,649	104,649
Pass-Through from Progeny Systems Corporation		PSC-0049, TASK 1		107,767	107,767
Pass-Through from Sierra Labs Inc		G091059		29,866	29,866
Pass-Through from Stanford University		28749-B		55,008	55,008
Pass-Through from TKC Communications LLC		UH111604		484,378	484,378
Pass-Through from U.S. Army - Corp of Engineers		DACA72-02-C-0034		313,761	313,761
Pass-Through from University of Southern California		066032		113,766	113,766
Pass-Through from University of Dayton Research Institute		RSC05016		28,209	28,209
Air Force Defense Research Sciences Program	12.800		2,065,345	15,485,751	17,551,096
Pass-Through from Aeroprobe Corporation		03-0255		112,858	112,858
Pass-Through from Aeroprobe Corporation		05-0379		11,662	11,662
Pass-Through from Andro Computational Solutions		PANDAF04-193-UTA-P204		43,659	43,659
Pass-Through from Anteon Corporation		F33615-98-D-3210		27,733	27,733
Pass-Through from Boeing Aerospace and Electronics		Q03897077		21,288	21,288
Pass-Through from Clarkson Aerospace Inc		TEES 05-0003-C1		32,858	32,858
Pass-Through from Dynatech Engineering Inc		05-0704		33,822	33,822

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from Hypercomp Inc		FA9550-041-C0117		30,294	30,294
Pass-Through from Inframat Corporation		G089605		2,604	2,604
Pass-Through from Inframat Corporation		G090076		94	94
Pass-Through from Northern Taiga Ventures Inc		AGR 04-0009		34,834	34,834
Pass-Through from Northrop Grumman		24806QOD4A		(2,805)	(2,805)
Pass-Through from Northrop Grumman		65016QOD5A		143,238	143,238
Pass-Through from Northrup Grumman		GAFCE-04-008		4,813	4,813
Pass-Through from Pacific Wave Industries Inc		UTA02-045		(4,627)	(4,627)
Pass-Through from Portage Environmental Inc		PEI-2106S07		11,481	11,481
Pass-Through from Portage Environmental Inc		PEI-AF01281-05		749,962	749,962
Pass-Through from Schafer Corporation		SC-03A-22-08	22,409	147,201	169,610
Pass-Through from Starvision Technologies Inc		AGR 05-0259		23,906	23,906
Pass-Through from Tao of Systems Integration Inc		Tao02-ONR-0111		102,265	102,265
Pass-Through from The Boeing Company		4CC1768		50,471	50,471
Pass-Through from U.S. Army		DAMD17-03-2-0011		156,963	156,963
Pass-Through from Universal Technology Corporation		04-S530-0006-05-C1		18,354	18,354
Pass-Through from Universal Technology Corporation		05-S529-004-C2		118,257	118,257
Pass-Through from University of Alabama		02-044		35,732	35,732
Pass-Through from University of Arizona		F 496200110394		4,529	4,529
Pass-Through from University of California Berkeley		SA4456-32432PG		10,116	10,116
Pass-Through from University of Dayton Research Institute		RSC03038	175,756	1,203,232	1,378,988
Pass-Through from University of Florida		UF-EIES-0502014-UH		17,964	17,964
Pass-Through from University of Wisconsin		A867075		270,339	270,339
Pass-Through from X-L Synergy		FA8650-04-C2488		45,607	45,607
Mathematical Sciences Grants Program	12.901			95,460	95,460
Pass-Through from Mathematical Association of America		MDA904-03-1-0122		39,579	39,579
Information Security Grant Program	12.902			49,306	49,306
Research and Technology Development	12.910		2,480,321	3,624,081	6,104,402
Pass-Through from CACI Technologies Inc		DAAB07-03-D-C214		27,155	27,155
Pass-Through from DOD-Marine Corps System Command		M67854-04-C-6013	462,723	236,364	699,087
Pass-Through from Duke University		DS793		323,120	323,120
Pass-Through from IBM Corporation		W0133880		788,092	788,092
Pass-Through from Intelligent Automation Inc		FA9101-04-C-0032		29,205	29,205
Pass-Through from Ohio State University		741323/869064 RF00904759		102,375	102,375
Pass-Through from Oklahoma State University		502944		(47,044)	(47,044)
Pass-Through from Plain Sight Systems Inc		N0017301C2008	24,500	52,925	77,425
Pass-Through from Rice University		R14622-41600005		26,034	26,034
Pass-Through from University of California San Diego		10191576		(204)	(204)
Pass-Through from University of Illinois		20160		179,829	179,829
Pass-Through from University of New Mexico		4330338-874F AMD 6		65,008	65,008
Pass-Through from University of Southern California		NBCH1050025		5,645	5,645
Pass-Through from University of Southern Mississippi		G72110		8,035	8,035
Pass-Through from Xeotron Corporation		DAAD05-02-C-0038-EN		6,422	6,422
Total - U.S. Department of Defense			12,937,459	170,692,832	183,630,291
U.S. Department of Housing and Urban Development					
U.S. Department of Housing and Urban Development	14.XXX				
Pass-Through from City of Dallas		04-0531		71,291	71,291
Pass-Through from El Paso Empowerment Zone Corporation		PERM G3C1P12		73,970	73,970
General Research and Technology Activity	14.506			31,558	31,558
Pass-Through from University of Missouri		502824		148,731	148,731
Community Outreach Partnership Center Program	14.511			168,909	168,909

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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 (continued)					
Community Development Work-Study Program	14.512			93,910	93,910
Doctoral Dissertation Research Grants	14.516			20,175	20,175
Early Doctoral Student Research Grants	14.517			12,000	12,000
Pass-Through from University of Tulsa		991751		49,820	49,820
Lead Technical Studies Grant	14.902			115,511	115,511
Total - U.S. Department of Housing and Urban Development			0	785,875	785,875
U.S. Department of the Interior					
U.S. Department of the Interior	15.XXX	0104P035200		19,092	19,092
		03FC601786		50,947	50,947
		0404CT32805		1,336,332	1,336,332
		1443CA125099003		(75)	(75)
		14482018100G919R2-00-0968		519	519
		14482018101G900		11,020	11,020
		1448-20181-99-G959		1,060	1,060
		14482018199J816		4,247	4,247
		1550-03		1,189	1,189
		20122-1124-0000		54,015	54,015
		201814G954		16,704	16,704
		201814J881		2,924	2,924
		G73030		18,101	18,101
		H-1248-02-0015		664,420	664,420
Pass-Through from Arizona State University		04-H900-700000005-510		95,841	95,841
Pass-Through from Bureau of Reclamation		03FC810878	427,287		427,287
Pass-Through from Creative Associates International		USAID/CAII		359,948	359,948
Pass-Through from Johns Hopkins University		GPH-A-00-02-00008-00		9,434	9,434
Pass-Through from LGL Alaska Research Association Inc		UTA04-574		135,557	135,557
Pass-Through from Miscellaneous Federal		UTA03-183		33,304	33,304
Pass-Through from Mississippi State University		330544-08030008		20,450	20,450
Pass-Through from Science Applications International Corporation		4400098901		42,411	42,411
Pass-Through from Southern California Earthquake Center		UTA04-511 - 093850		4,204	4,204
Pass-Through from Texas Water Resources Institute		01HQGR0102		199	199
Pass-Through from New Mexico Game and Fish		503232		78	78
Endangered Species on Indian Lands	15.051			47,107	47,107
Non-Sale Disposals of Mineral Material	15.214		43,968	84,107	128,075
Cultural Resource Management	15.224			13,052	13,052
Recreation Resource Management	15.225			61,083	61,083
National Fire Plan - Wildland Urban Interface Community Fire Assistance	15.228			59,161	59,161
Water Reclamation and Reuse Program	15.504			78,248	78,248
Conservation Law Enforcement Training Assistance	15.602			13,948	13,948
Fish and Wildlife Management Assistance	15.608			243,020	243,020
Wildlife Restoration	15.611			10,934	10,934
Coastal Wetlands Planning, Protection, and Restoration Act	15.614			84,586	84,586
Cooperative Endangered Species Conservation Fund	15.615			10,767,419	10,767,419
Pass-Through from Boy Scouts of America		SEC 6		6,444	6,444
Pass-Through from Rainwater Basin Joint Venture		1354-44-0722		20,902	20,902
Pass-Through from New Mexico Game and Fish		502558		4,070	4,070
Assistance to State Water Resources Research Institutes	15.805			133,779	133,779
Earthquake Hazards Reduction Program	15.807			214,069	214,069

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
U.S. Geological Survey—Research and Data Acquisition	15.808		4,653	462,050	466,703
Pass-Through from LGL Alaska Research Association Inc		0100875	21,092	11,742	32,834
National Spatial Data Infrastructure Cooperative Agreements Program	15.809		205,841	973,790	1,179,631
National Cooperative Geologic Mapping Program	15.810			35,664	35,664
Cooperative Research Units Program	15.812			256,296	256,296
Historic Preservation Fund Grants-In-Aid	15.904			28,760	28,760
Pass-Through from San Antonio Missions National Historical Park		P7350050004		25,900	25,900
Pass-Through from San Antonio Missions National Historical Park		P7600030006		1,085	1,085
National Natural Landmarks Program	15.910			5,759	5,759
Technical Preservation Services	15.915			28,839	28,839
Urban Park and Recreation Recovery Program	15.919		14,000	415,211	429,211
Rivers, Trails and Conservation Assistance	15.921			316,483	316,483
National Center for Preservation Technology and Training	15.923			21,170	21,170
Total - U.S. Department of the Interior			716,841	17,306,599	18,023,440
U.S. Department of Justice					
U.S. Department of Justice	16.XXX	13PHNP522		59,473	59,473
		14PHNP522Z		656,612	656,612
		15PHNP522Z		199,752	199,752
		2001-IJ-CX-OO14	1,525	588,487	590,012
		2003-GP-CX-0131		29,694	29,694
		2004-DN-BX-K197		205,344	205,344
		2004-DN-BX-K212		369,022	369,022
		2004-DN-BX-K213		41,614	41,614
		2004-DN-BX-K214		104,588	104,588
		I1PHNP522		261	261
		I2PHNP522		239	239
		J-FBI-02-133		74,479	74,479
Public Education on Drug Abuse—Information	16.005			11,096	11,096
Juvenile Accountability Incentive Block Grants	16.523			182,822	182,822
Juvenile Justice and Delinquency Prevention—Allocation to States	16.540			954,217	954,217
Developing, Testing, and Demonstrating Promising New Programs	16.541			173,887	173,887
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		736,800	1,012,198	1,748,998
Criminal Justice Research and Development—Graduate Research Fellowships	16.562			17,770	17,770
National Institute of Justice Domestic Anti-Terrorism Technology Development Program	16.565		930,302	923,250	1,853,552
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580			316,113	316,113
Drug Court Discretionary Grant Program	16.585			21,265	21,265
Violence Against Women Formula Grants	16.588			147	147
Pass-Through from Federal Medical Center Carswell		DJB50507035		(54,656)	(54,656)
Corrections—Technical Assistance/Clearinghouse	16.603			213	213
Community Prosecution and Project Safe Neighborhoods	16.609			871,633	871,633
Pass-Through from Baylor Health Care System Foundation		03-306		25,759	25,759
Enforcing Underage Drinking Laws Program	16.727			36,275	36,275
Pass-Through from Campfire USA		ED-03-J20-1630802-1537704		1,079	1,079

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from Council of State Government		G72102		4,114	4,114
Total - U.S. Department of Justice			1,668,627	6,826,747	8,495,374
U.S. Department of Labor					
U.S. Department of Labor	17.XXX	E4R4004040		463,233	463,233
Pass-Through from National Governors Association		UTA04-565		27,985	27,985
Pass-Through from University of Baltimore		UTA98-0350		62,364	62,364
Pass-Through from Worksource Austin		38448		132,931	132,931
WIA Youth Activities	17.259			24	24
Pass-Through from South Plains Tech Prep		1352-44-B586		15,797	15,797
Pass-Through from Houston Galveston Area		AH124700260	694,604	241,594	936,198
WIA Incentive Grants-Section 503 Grants to States	17.267			27,553	27,553
Total - U.S. Department of Labor			694,604	971,481	1,666,085
U.S. Department of State					
U.S. Department of State	19.XXX	S-ECAPE-03-GR-129(CS)		100,924	100,924
Pass-Through from Council of Americans Overseas Research Center		ECA/CAORC/UT-AIMS-, 200406		66,166	66,166
Pass-Through from U.S. Civilian Research and Development		AZB1-3100-BA-03		3,444	3,444
Claims Against Foreign Governments	19.200			157	157
Program for Study of Eastern Europe and the Independent States of the Former Soviet Union	19.300			16,777	16,777
International Visitors Program	19.402			75,594	75,594
Pass-Through from Conrad		MSA-02-317		1,319	1,319
Total - U.S. Department of State			0	264,381	264,381
U.S. Department of Transportation					
U.S. Department of Transportation	20.XXX	DTFH61-00-C-00012		5,637	5,637
		DTFH61-03-P-00242		15,502	15,502
		DTFH71-99-C-00035		2,126	2,126
		DTFR53-99-H-00006 MOD 3	43,859	3,031,814	3,075,673
		DTOS59-04-G-00010		313,620	313,620
Pass-Through from American Trade Initiatives Inc		UTA04-117		29	29
Pass-Through from APTEK Laboratories		3N04-Sc03		(2,215)	(2,215)
Pass-Through from Charles River Associates Inc		D03998-S1		29,169	29,169
Pass-Through from Duke University		03-SC-UAB-1039		5,800	5,800
Pass-Through from National Academy of Sciences		HR 12-72		8,850	8,850
Pass-Through from New England Transportation Consortium		500116974		160,781	160,781
Pass-Through from Texas A&M Research Foundation		S900159		31,085	31,085
Pass-Through from Transtec Group Inc		UTA05-286		132,339	132,339
Pass-Through from University of Alabama		UTA03-154		61,857	61,857
Pass-Through from University of New Hampshire		04-803		30,203	30,203
Aviation Education	20.100		96,920	76,495	173,415
Aviation Research Grants	20.108			514,677	514,677
Pass-Through from Innovative Pavement Research Foundation		01-G-002-02-20		416,194	416,194
Pass-Through from North Carolina Agricultural and Technical State University		551143A		9,697	9,697
Pass-Through from Southwest Research Institute		SWRI 299394P		12,668	12,668
Highway Planning and Construction	20.205			188,575	188,575
Pass-Through from Florida Department of Transportation		502619		2,559	2,559
Pass-Through from Florida Department of Transportation		503129		39,567	39,567

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from National Academy of Sciences		20-7 (177)		26,980	26,980
Pass-Through from National Academy of Sciences		P2004335		9,995	9,995
Highway Training and Education	20.215			63,611	63,611
National Motor Carrier Safety	20.218			25,504	25,504
Federal Transit Grants for University Research and Training	20.502		69,662	4,051	73,713
Pass-Through from Capitol Area of Rural Transit Systems		P2005084		1,529	1,529
Pass-Through from North Carolina Agricultural and Technical State University		DTNH22-04-14-		1,239	1,239
Pass-Through from SAFE Inc		1006		24,992	24,992
University Transportation Centers Program	20.701			68,964	68,964
Pass-Through from Texas A&M Research Foundation		DTRS99-G-0006		115,152	115,152
Pass-Through from Texas A&M Research Foundation		HGAC		5,032	5,032
Pass-Through from Texas A&M Research Foundation		S900159 TSK 2 00061		204,432	204,432
Total - U.S. Department of Transportation			210,441	5,638,510	5,848,951
U.S. Department of Treasury					
U.S. Department of Treasury	21.XXX				
Pass-Through from Center for the Study of Western Hemispheric Trade		L500029		(32)	(32)
Total - U.S. Department of Treasury			0	(32)	(32)
Office of Personnel Management					
Intergovernmental Personnel Act (IPA) Mobility Program	27.011			529,035	529,035
Total - Office of Personnel Management			0	529,035	529,035
Federal Mediation and Conciliation Service					
Federal Mediation and Conciliation Service	34.XXX	G73174		42,830	42,830
Total - Federal Mediation and Conciliation Service			0	42,830	42,830
General Services Administration					
Donation of Federal Surplus Personal Property	39.003			19,282	19,282
Total - General Services Administration			0	19,282	19,282
Library of Congress					
Library of Congress	42.XXX	CRS 03-24		(647)	(647)
		CRS 04-17		18,530	18,530
		04CRS100987			
Library of Congress Publications	42.005			87,740	87,740
Total - Library of Congress			0	105,623	105,623
National Aeronautics and Space Administration					
National Aeronautics and Space Administration	43.XXX	412300/NNG04GK09G		20,065	20,065
		412520/NNM04AHH8 4P		37,167	37,167
		412800/NNA05CS72A		691	691
		5015H0104G089055		24,997	24,997
		ATP03-0001-0027		121,697	121,697
		L-71124D		264	264
		MMK04ED58G		23,734	23,734

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
		NAG 2-1505 03		77,671	77,671
		NAG 9-1522 01		16,910	16,910
		NAG2-1560		(1,547)	(1,547)
		NAG5-12599		9,137	9,137
		NASA NCC9-36 1		(472)	(472)
		NCC 9-165		977,342	977,342
		NCC5-13396		1,319,058	1,319,058
		NNA05CP66G		12,031	12,031
		NNG04GQ66G	2,253	2,555,242	2,557,495
		NNG05GN18G		9,225	9,225
		NNJ04HB05G 02		91,397	91,397
		NNJ04HC19G		803,127	803,127
		NNJ04HF43G		400,751	400,751
		NNJ04HF50G		120,863	120,863
		NNJ05JB64G		5,582	5,582
Pass-Through from Advanced Ceramics Research		411051/8222		25,466	25,466
Pass-Through from Advanced Ceramics Research		411052/00278		17,554	17,554
Pass-Through from Advanced Fuel Research		412810/019060		81	81
Pass-Through from California Institute of Technology		1269551		608,466	608,466
Pass-Through from California Institute of Technology		1271490		8,759	8,759
Pass-Through from California Institute of Technology		G72258		7,808	7,808
Pass-Through from Calnetix		UTA04-30K		13,958	13,958
Pass-Through from Carnegie Institute of Washington		NNA04CC09A		14,962	14,962
Pass-Through from Colorado State University		1 NAG9-1569 01		90,434	90,434
Pass-Through from Concrete Solutions		UTA04-258		2,061	2,061
Pass-Through from Georgia Institute of Technology		G-35-C14-G4		16,714	16,714
Pass-Through from Harriet Jenkins Fellowship Program		NASA/UNCSPC		14,195	14,195
Pass-Through from Lockheed Martin Corporation		TT0672214		277,272	277,272
Pass-Through from Mississippi Space Services		69633		54,500	54,500
Pass-Through from Smithsonian Astrophysical Observatory		G03-4044X		31,998	31,998
Pass-Through from Southwest Research Institute		599969Q, MOD 1		52,512	52,512
Pass-Through from Space Telescope Science Institute		HST-AR-09535.01-A		395,510	395,510
Pass-Through from Stone Aerospace		Deep Phreatic Thermal Explorer		18,849	18,849
Pass-Through from The Boeing Company		412040/4H044369		86,896	86,896
Pass-Through from University of Minnesota		X5336497101		10,840	10,840
Pass-Through from University of West Florida		2507-276-22		829	829
Pass-Through from Wyle Laboratories		T70392		2,750	2,750
Pass-Through from Zyvex Corporation		NNM05AA26C		15,275	15,275
Aerospace Education Services Program	43.001		1,729,404	19,854,933	21,584,337
Pass-Through from Arizona Department of Water Resources		2002-2453IGA		(1,756)	(1,756)
Pass-Through from Baylor College of Medicine		NBPF00203 / NCC9-58-184		35,843	35,843
Pass-Through from Baylor College of Medicine		NCC 9-58-73		334,254	334,254
Pass-Through from California Institute of Technology		1224723/1224608 / 10076	348,667	289,218	637,885
Pass-Through from Defense Contract Management Agency		NCC 9-150		503,191	503,191
Pass-Through from Edtek Inc		EDTEK-NAS3-03142-1		26,854	26,854
Pass-Through from Edtek Inc		EDTEK-NAS4200012955-11307		41,242	41,242
Pass-Through from Electron Energy Corporation		23,527		23,527	23,527
Pass-Through from Entech Inc		2747		21,991	21,991
Pass-Through from Georgia State University		BLF57-02, UTA		143,392	143,392
Pass-Through from MicroGen Laboratories		NNJ04HD75G		41,591	41,591
Pass-Through from National Space Biomedical Research Institute		NCC 95849		28,385	28,385

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from National Space Biomedical Research Institute		NCC9-58\NPFR00205		706,524	706,524
Pass-Through from National Space Biomedical Research Institute		NCC9-58-203\EO00607		19,509	19,509
Pass-Through from National Space Biomedical Research Institute		NPFR00403		53,480	53,480
Pass-Through from North Carolina Agricultural and Technical State University		448648A		13,655	13,655
Pass-Through from Pennsylvania State University		2720-TAMU-NASA-B04G		56,839	56,839
Pass-Through from Purdue University		523-2026-0		1,506	1,506
Pass-Through from Raytheon Company		SYNVUTA04		69,500	69,500
Pass-Through from Rockwell International Corporation		B4K512822		7,827	7,827
Pass-Through from RTI International		16-94U-8622		84,573	84,573
Pass-Through from Smithsonian Astrophysical Observatory		G05-6019B		8,343	8,343
Pass-Through from Space Telescope Science Institute		HST-GO-10395.16-A		165,969	165,969
Pass-Through from Starvision Technologies Inc		AGR 05-0027		19,555	19,555
Pass-Through from Starvision Technologies Inc		AGR 05-0034		5,289	5,289
Pass-Through from Texas Space Grants Consortium		04-478		2,773	2,773
Pass-Through from Texas Space Grants Consortium		UTA 05-517		12,876	12,876
Pass-Through from The Boeing Company		NR04457484		1,611	1,611
Pass-Through from Tuskegee University		30 22090 108 76190		59,011	59,011
Pass-Through from United Space Alliance LLC		297A001128		16,926	16,926
Pass-Through from University of Michigan		F0100050		567	567
Pass-Through from University of New Orleans Research and Technology Foundation		58404-S14		8,563	8,563
Pass-Through from University of New Orleans Research and Technology Foundation		58404-S7		114,119	114,119
Pass-Through from University of Tennessee		OR3610-001.01		198,491	198,491
Pass-Through from University Space Research Association		3907-60	20,095	39,822	59,917
Pass-Through from University Space Research Association		8500-98-008, NAS2-9CR-MS		270,215	270,215
Pass-Through from Utah State University Research Foundation		C922182	77,041		77,041
Pass-Through from Wyle Laboratories		T701950001		83,688	83,688
Pass-Through from Wyle Laboratories		T701950002		238,574	238,574
Pass-Through from Wyle Laboratories		T701950003		44,599	44,599
Technology Transfer	43.002		129,906	3,016,001	3,145,907
Pass-Through from Baylor College of Medicine		NCC9-58-142 03 S1		1,036	1,036
Pass-Through from California Institute of Technology		JPL-1265169		102,422	102,422
Pass-Through from Eloret Corporation		UTA05-382		83,863	83,863
Pass-Through from Johns Hopkins University		888888		46,003	46,003
Pass-Through from Lockheed Martin Corporation		GF73425B14		158,833	158,833
Pass-Through from Northwestern University		0980 520 T212 628		39,585	39,585
Pass-Through from Science Applications International Corporation		4400096450		23,450	23,450
Pass-Through from Scripps Research Institute		5-97458 / NCC2-1055		2,588	2,588
Pass-Through from Universities Space Research Association		9930-288-01		18,703	18,703
Pass-Through from University of Arizona		Y412177		9,759	9,759
Pass-Through from University of Colorado		NAG9-1569G19413		24,195	24,195
Pass-Through from University of Colorado		S000046490/UCB 154-0919		43,851	43,851
Total - National Aeronautics and Space Administration			2,307,366	35,609,979	37,917,345

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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 Foundation on the Arts and the Humanities					
National Foundation on the Arts and the Humanities	45.XXX	G73259		29,977	29,977
		HR-50025		27,274	27,274
Promotion of the Arts—Grants to Organizations and Individuals	45.024			75,198	75,198
Promotion of the Arts—Partnership Agreements	45.025			5,500	5,500
Pass-Through from Humanities Texas		2004-3037		6,121	6,121
Pass-Through from Humanities Texas		2004-3044		36,760	36,760
Pass-Through from Humanities Texas		203-2948		3,951	3,951
Pass-Through from Texas Committee for the Humanities		2004-3048		6,425	6,425
Promotion of the Humanities—Challenge Grants	45.130			41,698	41,698
Promotion of the Humanities—Division of Preservation and Access	45.149			839,352	839,352
Promotion of the Humanities—Fellowships and Stipends	45.160			90,340	90,340
Promotion of the Humanities—Research	45.161			65,307	65,307
Promotion of the Humanities—Teaching and Learning Resources and Curriculum Development	45.162			1,075	1,075
Pass-Through from Library of America		UTA04-052		13,313	13,313
Museum Assessment Program	45.302			1,300	1,300
National Leadership Grants	45.312			583,595	583,595
Pass-Through from California Digital Library		G72142		102,985	102,985
Pass-Through from Institute of Museum and Library Services		RE-01-03-0056-03		52,693	52,693
Pass-Through from Kent State University		446654UT		2,544	2,544
Pass-Through from University of Nebraska		2516020028		16,761	16,761
Pass-Through from Institute of Museum and Library Services		RE-05-04-0009-04		55,098	55,098
Total - National Foundation on the Arts and the Humanities			0	2,057,267	2,057,267
National Science Foundation					
National Science Foundation	47.XXX	DEB-0120709	151,651	6,541,933	6,693,584
		G72593		28,886	28,886
		G72614		15,328	15,328
		OPP-0085589 03		1,509	1,509
		PHY-0514282		134,722	134,722
Pass-Through from American Association for the Advancement		26-3922-20		(256)	(256)
Pass-Through from American Educational Research Association		200401590-001		79,341	79,341
Pass-Through from Argonne National Lab		C10483A		203,744	203,744
Pass-Through from Association of Universities for Research in Astronomy		C10483A		103,234	103,234
Pass-Through from California Institute of Technology		1249231		96,185	96,185
Pass-Through from Carnegie Mellon University		1120526-151355		8,167	8,167
Pass-Through from Civilian Research and Development Foundation		GP2-3317-TB-02		4,904	4,904
Pass-Through from Field Museum of Natural History		50100-1.1		89,977	89,977
Pass-Through from Florida State University		9413008		1,683	1,683
Pass-Through from Microlink Devices Inc		UTA04-021		69,589	69,589
Pass-Through from Rensselaer Polytechnic Institute		A11401		28,604	28,604
Pass-Through from Stanford University		PY-2320		101	101
Pass-Through from Tennessee State University		HRD-0206028		79,576	79,576
Pass-Through from Tennessee Technical University		UTA05-041		14,044	14,044
Pass-Through from Texas A&M Research Foundation		S900159, AMD 6		30,833	30,833
Pass-Through from The Iris Consortium		345		806	806
Pass-Through from Tulane University		TUL-156-03/04		30,342	30,342
Pass-Through from University of Florida		ACI-0086044		131,654	131,654
Pass-Through from University of Michigan		3000476063		13,210	13,210
Pass-Through from University of North Carolina Chapel Hill		5-37497		684,277	684,277
Pass-Through from University of Pittsburgh		2960-000		23,800	23,800
Engineering Grants	47.041		474,866	15,356,799	15,831,665

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from Auburn University		502905		57,255	57,255
Pass-Through from Brigham Young University		04-0129		23,479	23,479
Pass-Through from Cornell University		44771-7476		550,685	550,685
Pass-Through from Cornell University		45799-7718		28,158	28,158
Pass-Through from Georgia Institute of Technology		E-24-Y75-G1		12,647	12,647
Pass-Through from ImageCat Inc		NSF-CMS0454564		3,583	3,583
Pass-Through from Louisiana State University		0409446		3,670	3,670
Pass-Through from Michigan Technical University		AGR 030216Z		15,177	15,177
Pass-Through from National Science Foundation		G72419		221,639	221,639
Pass-Through from Nees Consortium Inc		UTA05-055		419,815	419,815
Pass-Through from New Jersey Institute of Technology		NSF CMS 0301343		10,486	10,486
Pass-Through from North American Geotechnical		G088048		6,237	6,237
Pass-Through from Performance Polymer Solutions Inc		DMI-0419218		34,622	34,622
Pass-Through from Purdue University		501-0434		39,145	39,145
Pass-Through from Purdue University		501-1094-01		94,061	94,061
Pass-Through from Rann Research Corporation		991539		(1,372)	(1,372)
Pass-Through from Rice University		R38991-1532005		18,720	18,720
Pass-Through from Rochester Institute of Technology		EEC-0080502		(5,614)	(5,614)
Pass-Through from South Dakota School of Mines		SDSM&T-UT Austin 01-02		(272)	(272)
Pass-Through from Stanford University		30819-A		15,681	15,681
Pass-Through from State University of New York		412888-G/32885		223,484	223,484
Pass-Through from Stellar Micro Devices		UTA05-646		3,836	3,836
Pass-Through from University of Arizona		Y701580		848	848
Pass-Through from University of California		S0144456		5,484	5,484
Pass-Through from University of California Berkeley		SA4514-10252PG		71,664	71,664
Pass-Through from University of Illinois		98-269		93,724	93,724
Pass-Through from University of South Carolina Research Foundation		05-1035		70,000	70,000
Pass-Through from University of Southern California		70238		24,411	24,411
Pass-Through from University of Tennessee Knoxville		OR 6382.001.01		30,277	30,277
Pass-Through from University of Utah		58500950		1,741	1,741
Pass-Through from Vanderbilt University		14656-S1-A4 / EEC-9876363		375,909	375,909
Pass-Through from Vanderbilt University		ECS-0421352		74,401	74,401
Mathematical and Physical Sciences	47.049		350,166	15,556,480	15,906,646
Pass-Through from Association of University for Research		EAR-0004370		24,150	24,150
Pass-Through from California Institute of Technology		68-1074604		17,444	17,444
Pass-Through from Columbia University		PHY 97-22537		4,588	4,588
Pass-Through from Gemini Observatory		0084699-GEM00395		79,798	79,798
Pass-Through from Georgia Institute of Technology		G-37-A65-G1		14,915	14,915
Pass-Through from Northern Illinois University		50229		25,185	25,185
Pass-Through from Southwest Research Institute		399857N		35,985	35,985
Pass-Through from University of California		KK5110		49,232	49,232
Pass-Through from University of California		S0094635		28,274	28,274
Pass-Through from University of California		S0177062		5,464	5,464
Pass-Through from University of California Davis		002865-UTSA		59,371	59,371
Pass-Through from University of California Irvine		2002-1022		4,296	4,296
Pass-Through from University of California Irvine		2004-1483		28,368	28,368
Pass-Through from University of California Los Angeles		0757 P EB884		440	440
Pass-Through from University of Florida		UF01076		6,550	6,550
Pass-Through from University of Illinois Champaign-Urbana		G72210		13,971	13,971
Pass-Through from University of Michigan		F005739 / PHY-0114336		390,197	390,197
Pass-Through from University of Tennessee		OR4649-001.01		99,499	99,499
Geosciences	47.050		84,785	5,914,573	5,999,358

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from Boston University		ATM-0120950		5,908	5,908
Pass-Through from Idaho State University		03-260A		11,789	11,789
Pass-Through from Incorporated Research Institute for Seismology		312		1,021	1,021
Pass-Through from Incorporated Research Institute for Seismology		346		1,836	1,836
Pass-Through from Incorporated Research Institute for Seismology		EAR-000437		146,752	146,752
Pass-Through from Joint Oceanographic Institutions		418921-BA289		8,613	8,613
Pass-Through from Joint Oceanographic Institutions		418922-BA289		7,863	7,863
Pass-Through from Joint Oceanographic Institutions		JSC8-93		4,414	4,414
Pass-Through from Stanford University		OCE-0410439, 30242-C		21,980	21,980
Pass-Through from University Corporation for Atmospheric Research		S05-52111		17,938	17,938
Pass-Through from University of Georgia		RR100-300-7512087		12,315	12,315
Pass-Through from University of Tulsa		14-2-1202275-94817		110,717	110,717
Computer and Information Science and Engineering	47.070		599,530	15,728,998	16,328,528
Pass-Through from American Statistical Association		ASA/SRS - NSF		5,929	5,929
Pass-Through from Georgia Institute of Technology		C-48-648-G1		11,272	11,272
Pass-Through from Georgia Tech		BES-0401627/E-17-6C6-G1		8,851	8,851
Pass-Through from Indiana University		UTA03-272 103080143		2,233	2,233
Pass-Through from Pennsylvania State University		2586-UTA-NSF-5653		80,560	80,560
Pass-Through from Portland State University		04-0053	64,303		64,303
Pass-Through from Purdue University		501-0563-3		98,861	98,861
Pass-Through from Rice University		R36507-29200099		10	10
Pass-Through from Rice University		R38141-79200003		17,831	17,831
Pass-Through from Rice University		R38718-73900004		112,774	112,774
Pass-Through from San Diego State University		53651A P3448 7801 211 SJT		73,640	73,640
Pass-Through from Stanford University		PY-2722		45,386	45,386
Pass-Through from University of California San Diego		10181410		327,507	327,507
Pass-Through from University of California San Diego		10232493		72,601	72,601
Pass-Through from University of Florida		CDA-97-1303		(277)	(277)
Pass-Through from University of Florida		UF00116		40,385	40,385
Pass-Through from University of Illinois		780EOT1051A		32,616	32,616
Pass-Through from University of Illinois		822	59,986	122,773	182,759
Pass-Through from University of Kentucky Research Foundation		UKRF 4-68409-05-		137,346	137,346
Pass-Through from University of Massachusetts Amherst		01-522532, MOD5, 0001083634		219,335	219,335
Pass-Through from University of Wisconsin		A920006		16,833	16,833
Pass-Through from Washington University		G72249		994	994
Biological Sciences	47.074		519,383	9,400,637	9,920,020
Pass-Through from American Astronomical Society		20316		786	786
Pass-Through from Earthspan Inc		DBI-0232521		12,387	12,387
Pass-Through from Fordham University		IBN-0130885		21,125	21,125
Pass-Through from Lehigh University		5 DEB-0210972-03		71,060	71,060
Pass-Through from University of Alabama Tuscaloosa		N01-CN-55185		(1,176)	(1,176)
Pass-Through from University of California Berkeley		SA3415-22395PG DBI-0198161		142	142
Pass-Through from University of California Davis		DBI-9975989		2,088	2,088
Pass-Through from University of Iowa		4000077750		955	955
Pass-Through from University of Iowa		4000524452		32,150	32,150
Pass-Through from University of Iowa		970014		(5,701)	(5,701)
Pass-Through from University of Kansas		2003-21		28,117	28,117

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from University of Kansas Center for Research		2004-004		12,742	12,742
Pass-Through from University of Puerto Rico		SS660433760		4,732	4,732
Pass-Through from Washington State University		G001591/OGRD101070-001		30,422	30,422
Social, Behavioral, and Economic Sciences	47.075		9,904	2,439,027	2,448,931
Pass-Through from Association for Institutional Research		04-213		1,303	1,303
Pass-Through from Association for Institutional Research		05-239		4,265	4,265
Pass-Through from National Academy of Sciences		TEES 04-0510		33,730	33,730
Pass-Through from Natural Resources Council		UTA98-0438		2	2
Pass-Through from Southern Methodist University		G000463		58,123	58,123
Pass-Through from SRI International		66-000032		10,582	10,582
Pass-Through from State University of New York		1027138		34,725	34,725
Pass-Through from U.S. Civilian Research and Development		G72216		2,046	2,046
Pass-Through from University of California Riverside		S-00112		21,877	21,877
Education and Human Resources	47.076		416,727	28,990,622	29,407,349
Pass-Through from American Educational Research Association		REC-0310268		6,725	6,725
Pass-Through from Davidson College		296308		6,548	6,548
Pass-Through from Howard University		634143-199750		71,472	71,472
Pass-Through from Hunter College of the City University of New York		40467-00-01A		34,206	34,206
Pass-Through from New Mexico State University		HRD-0124198		79,134	79,134
Pass-Through from New Mexico State University		Q00938/HRD-0830 310 A630 765		20,082	20,082
Pass-Through from Northwestern University				82,135	82,135
Pass-Through from Rice University		R39292-2460005		127,195	127,195
Pass-Through from SRI International		11-000115	18,256	105,433	123,689
Pass-Through from University of Alabama Birmingham		209-494		32,558	32,558
Pass-Through from University of Louisiana Monroe		G72061		11,368	11,368
Pass-Through from University of Missouri		01115051-4 / C-5-33953		1,833	1,833
Pass-Through from University of Nebraska Lincoln		250521-0059-002NSF		815	815
Polar Programs	47.078			2,059,473	2,059,473
Pass-Through from Texas A&M Research Foundation		S040019 662121-00001		4,260	4,260
Pass-Through from University of Alaska		UAF-02-0023/FP200613/OPP-0002239		3,095	3,095
Pass-Through from University of California Berkeley		SA4105-10100		34,362	34,362
Total - National Science Foundation			2,749,557	110,050,419	112,799,976
Securities and Exchange Commission					
Securities—Investigation of Complaints and SEC Information	58.001			180,296	180,296
Pass-Through from U.S. Securities and Exchange Commission		M05-0797		15,520	15,520
Total - Securities and Exchange Commission			0	195,816	195,816

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Department of Veterans Affairs					
Department of Veterans Affairs	64.XXX	250000		25,195	25,195
		250001		2,154,178	2,154,178
		990066		44,067	44,067
		V580P-7758		(3,544)	(3,544)
		V741P-033		100,084	100,084
Pass-Through from VA Medical Center		IRR 02-081		7,995	7,995
Veterans Medical Care Benefits	64.009			62,420	62,420
Pass-Through from VA South Texas Veterans Health Care		V671P4035_ 671D45137		93,326	93,326
Veterans Prosthetic Appliances	64.013			17,089	17,089
Sharing Specialized Medical Resources	64.018			261,210	261,210
Veterans Information and Assistance	64.115			4,749	4,749
Total - Department of Veterans Affairs			0	2,766,769	2,766,769
Environmental Protection Agency					
Environmental Protection Agency	66.XXX	027UTA0645		67,008	67,008
		X7-97675501-0		12,969	12,969
		X-83222801		12,475	12,475
Pass-Through from Research Triangle Institute		3-92U-9606		90	90
Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034			40,071	40,071
Pass-Through from Ysleta del Sur Pueblo		020-6100-01		8,172	8,172
Water Pollution Control—State and Interstate Program Support	66.419			1,697	1,697
Surveys, Studies, Investigations, Demonstrations & Training Grants & Cooperative Agreements - Sec 104(b)(3) of the Clean Water Act	66.436			222,421	222,421
Water Quality Management Planning	66.454		114,948	525,842	640,790
National Estuary Program	66.456			130,908	130,908
Pass-Through from Coastal Bend Bays and Estuaries Program		0308-426023		19,429	19,429
Pass-Through from Coastal Bend Bays and Estuaries Program		401		82,873	82,873
Pass-Through from Houston Advanced Research Center		582-4-65047-ENV-S&T		23	23
Nonpoint Source Implementation Grant	66.460			826,527	826,527
Pass-Through from DynCorp International		502920		961	961
Pass-Through from Parsons Water and Infrastructure Inc		503148		3,250	3,250
Pass-Through from Pineywoods Resources Conservatory Development Inc		503162		7,233	7,233
Regional Wetland Program Development Grants	66.461			82,001	82,001
Water Quality Cooperative Agreements	66.463		49,103	53,102	102,205
Pass-Through from Mississippi State University		503156		29,194	29,194
Pass-Through from University of North Carolina Chapel Hill		UNC5-41031&5-		22,660	22,660
Beach Monitoring and Notification Program Development Grants	66.472			307,060	307,060
Environmental Protection Consolidated Research	66.500		567,935	2,243,166	2,811,101
Pass-Through from Louisiana State University		R127008		45,157	45,157
Pass-Through from Louisiana State University		UTA05-175 (C175806)		4,547	4,547
Pass-Through from Mickey Leland National Air Toxics Resource Center		EPA R828678		12,251	12,251
Pass-Through from Research Triangle Institute		3-7OU-7505/68-D-99-012		5,907	5,907
Pass-Through from University of Florida		502684		22,592	22,592
Pass-Through from University of Southern Mississippi		USM-GR01079-B10/R-82945801-0		243,200	243,200
Environmental Protection-Comprehensive Research Grants	66.504			33,354	33,354

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Science to Achieve Results (STAR) Research Program	66.509			484,786	484,786
Pass-Through from University of Southern Mississippi		USM-GR01079-B10/R-82945801-0	85,121		85,121
Pass-Through from Wright State University		RD83221301-0		5,425	5,425
Surveys, Studies, Investigations & Special Purpose Grants within the Office of R&D	66.510			19,883	19,883
Office of Research and Development Consolidated Research/Training	66.511		5,142	328,392	333,534
Science To Achieve Results (STAR) Fellowship Program	66.514			57,982	57,982
P3 Award: National Student Design Competition for Sustainability	66.516			1,940	1,940
Performance Partnership Grants	66.605		17,500	297,670	315,170
Surveys, Studies, Investigations and Special Purpose Grants	66.606		127,190	659,838	787,028
Pass-Through from Border Environment Cooperation Commission		P2050084		9,948	9,948
Pass-Through from New Mexico State University		X-82971001-0		138	138
Pass-Through from San Diego University Foundation		CX825457-01-0		952	952
Pass-Through from University of Missouri		501718		561	561
Training and Fellowships for the Environmental Protection Agency	66.607			26,414	26,414
Consolidated Pesticide Enforcement Cooperative Agreements	66.700			7,458	7,458
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701			1,630	1,630
Pollution Prevention Grants Program	66.708			133,104	133,104
Source Reduction Assistance	66.717			33,466	33,466
Superfund State Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802			948,485	948,485
Pass-Through from Oregon Department of Environmental Quality		005-05		70,566	70,566
Solid Waste Management Assistance Grants	66.808			21,799	21,799
International Financial Assistance Projects Sponsored by the Office of International Affairs	66.931			45,299	45,299
Total - Environmental Protection Agency			966,939	8,221,876	9,188,815
U.S. Department of Energy					
U.S. Department of Energy	81.XXX	4000014492	1,743,949	3,663,714	5,407,663
		406537		36,834	36,834
		537895		13,712	13,712
		555176		442	442
		556435		124,332	124,332
		ACQ-4-33623-06		40,110	40,110
		DE-AC01-01NN30025		4,112	4,112
		DE-FC07-00AL67053		173,667	173,667
		DEFG0202ER25534		125,361	125,361
		LA020204		55,416	55,416
Pass-Through from 2ndPoint Inc		UTA03-077		37,393	37,393
Pass-Through from 3DGEO Development Inc		UTA04-457		39,999	39,999
Pass-Through from American Geological Institute		UTA95-0243		(8)	(8)
Pass-Through from American Institute of Chemical Engineers		UTA05-321		38,312	38,312
Pass-Through from Argonne National Lab		4F-01541, M0001		21,474	21,474
Pass-Through from Bechtel Inc		QA-HC4-00004		337,652	337,652
Pass-Through from BP American Production Company		C011		40,192	40,192
Pass-Through from BP Corporation of North America		DEFC2601NT41145		(309)	(309)
Pass-Through from Brookhaven National Laboratory		92558		91,705	91,705
Pass-Through from Burns and McDonnell		28905		112,963	112,963

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from BWX Technologies Inc		39384		3,181	3,181
Pass-Through from BWX Technologies Inc		4300044001		71,553	71,553
Pass-Through from California Institute of Technology		1265255		3,600	3,600
Pass-Through from DRS Infrared Technologies LP		12323		106,658	106,658
Pass-Through from Fermi National Accelerator Laboratory		547272		261,395	261,395
Pass-Through from Idaho National Engineering Laboratory		32403		36,839	36,839
Pass-Through from Innovalight Inc		UTA04-159		38,378	38,378
Pass-Through from Innovative Scientific Solutions		SB05004, D.O. 0002		48,136	48,136
Pass-Through from Intercultural Development Research Association		H05-S1		335,977	335,977
Pass-Through from Lawrence Berkeley National Laboratory		6517420 / DE-AC03-76SF00098		207,943	207,943
Pass-Through from Lawrence Livermore National Laboratory		B551575		304,064	304,064
Pass-Through from Los Alamos National Laboratory		62485-001-03		424,267	424,267
Pass-Through from Los Alamos Quantitative Modeling		G72103		105,826	105,826
Pass-Through from Nanopowder Enterprises Inc		UTA03-367		25,172	25,172
Pass-Through from National Renewable Energy Laboratory		AAT-2-31605-04	73,235	54,059	127,294
Pass-Through from Pacific Northwest National Laboratory		14812		216,768	216,768
Pass-Through from Petroleum Technology Transfer Council		0895 MOD 39,40,42	62,505	102,054	164,559
Pass-Through from Princeton University		879		35,775	35,775
Pass-Through from Prosensing Inc		UTA04-563		37,156	37,156
Pass-Through from Research Triangle Institute		5-93U-7667		48,480	48,480
Pass-Through from Sandia Corporation		379530		222,818	222,818
Pass-Through from Sandia National Laboratories		204574		4,255	4,255
Pass-Through from Sandia National Laboratories		22951		1,191	1,191
Pass-Through from Sandia National Laboratories		230524		49,228	49,228
Pass-Through from Sandia National Laboratories		308204		4,036	4,036
Pass-Through from Sandia National Laboratories		364725		27,026	27,026
Pass-Through from Sandia National Laboratories		406537		957,108	957,108
Pass-Through from Sandia National Laboratories		59782		1,841	1,841
Pass-Through from Sandia National Laboratories		92189		4,273	4,273
Pass-Through from Sandia National Laboratories		98475		61,114	61,114
Pass-Through from Sandia National Laboratories		BE-9266		(96)	(96)
Pass-Through from South Carolina University Research and Education		UTA02-356 / DE-FC09-00SR22184		85,092	85,092
Pass-Through from Trimeric Corporation		UTA05-048		27,695	27,695
Pass-Through from University of California Lawrence Livermore National Laboratory		B529394		23,771	23,771
Pass-Through from University of California Lawrence Livermore National Laboratory		B5453351		20,767	20,767
Pass-Through from University of California Los Alamos National Laboratory		03351-001-04 4H		73,559	73,559
Pass-Through from University of Chicago		5F-00415		34,122	34,122
Pass-Through from University of Rochester		DE-FC02-04ER54789, 412760-G		53,919	53,919
Pass-Through from Sandia National Laboratories		459177		16,315	16,315
Pass-Through from UT Battelle LLC		4000032645		150,503	150,503
Pass-Through from Vecta Technology		UTA03-398		308,817	308,817
Energy-Related Inventions	81.036			25,534	25,534
Pass-Through from University of California Lawrence Livermore National Laboratory		B536083		11,254	11,254
State Energy Program	81.041			416,061	416,061
Pass-Through from Battelle Memorial Institute		501959		(11)	(11)
Pass-Through from Metropolitan Partnership for Energy		MPE-05-01		4,175	4,175
Pass-Through from Pacific Northwest National Laboratory		503003		33,276	33,276
Pass-Through from Rice University		R7A828-79200004		144,993	144,993

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from Rice University		R7B128		139,621	139,621
Pass-Through from University of California Lawrence Livermore National Laboratory		B235324		(26,702)	(26,702)
Pass-Through from UT Battelle Oak Ridge National		503095		41,077	41,077
Office of Science Financial Assistance Program	81.049		60,226	21,439,763	21,499,989
Pass-Through from American Water Works Association		3160		41,053	41,053
Pass-Through from American Water Works Association		3162		27,847	27,847
Pass-Through from Auburn University		04-CE-420957-TEES		9,993	9,993
Pass-Through from BP Solar International LLC		ZDO-2-30628-03		92,725	92,725
Pass-Through from Carnegie Mellon University		1070044-153394		73,965	73,965
Pass-Through from Colorado School of Mines		442253		88,597	88,597
Pass-Through from Fermi National Accelerator Laboratory		559361		7,570	7,570
Pass-Through from General Atomics Technology		SA JW231801		52,935	52,935
Pass-Through from Georgia Institute of Technology		E-19-ZG5-G1		49,182	49,182
Pass-Through from Idaho State University		02-220E		70,981	70,981
Pass-Through from Innovalight Inc		UTA04-476		28,867	28,867
Pass-Through from MPM Technology LLC		UTA05-019		29,414	29,414
Pass-Through from Oak Ridge National Laboratory		4000041651		6,046	6,046
Pass-Through from Pacific Northwest National Laboratory		14297		22,103	22,103
Pass-Through from Sandia National Laboratories		146215		555	555
Pass-Through from Sandia National Laboratories		219325		53	53
Pass-Through from Sandia National Laboratories		231996		57,418	57,418
Pass-Through from Sandia National Laboratories		260632		195,136	195,136
Pass-Through from Sandia National Laboratories		312441		15,273	15,273
Pass-Through from Sandia National Laboratories		336811		60,442	60,442
Pass-Through from Sandia National Laboratories		54416		13,860	13,860
Pass-Through from Sandia National Laboratories		63973		24,610	24,610
Pass-Through from Sandia National Laboratories		69281		213,301	213,301
Pass-Through from Sandia National Laboratories		84412		44,935	44,935
Pass-Through from Sandia National Laboratories		AV-7583		51,603	51,603
Pass-Through from Shear-Form		AGR 04-0270		14,866	14,866
Pass-Through from University of Alaska		UAF 99-0035	48,000	68,858	116,858
Pass-Through from University of California Lawrence Berkeley National Laboratory		6702924		48,376	48,376
Pass-Through from University of California Lawrence Berkeley National Laboratory		6720563		15,243	15,243
Pass-Through from University of California Los Alamos National Laboratory		22430-001-05		20,756	20,756
Pass-Through from University of California Los Alamos National Laboratory		84334-001-04		68,509	68,509
Pass-Through from University of California San Diego		10227699		28,983	28,983
Pass-Through from University of Chicago Argonne National Laboratory		1F-01969		13,500	13,500
Pass-Through from University of Chicago Argonne National Laboratory		4F-02361		51,435	51,435
Pass-Through from University of Chicago Argonne National Laboratory		5F-00437		11,106	11,106
Pass-Through from University of Chicago Argonne National Laboratory		992782401		(5,286)	(5,286)
Pass-Through from University of Wisconsin Madison		P556706		160,394	160,394
Pass-Through from UT Battelle		40000020479		22,922	22,922
University Coal Research	81.057		6,157	133,724	139,881
Pass-Through from Purdue University		541-0335-01		18,101	18,101
Pass-Through from Sandia National Laboratories		331966		76,869	76,869
Pass-Through from Nye County Nevada		05-020		29,938	29,938
Conservation Research and Development	81.086		87,876	790,191	878,067

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from Battelle		4000033035	30,818	91,635	122,453
Pass-Through from Battelle		7518		1,335	1,335
Pass-Through from Battelle Pacific Northwest Labor		12281		102,689	102,689
Pass-Through from Los Alamos National Laboratory		503149		16,088	16,088
Pass-Through from Midwest Research Institute		ACO-5-44049-01		5,621	5,621
Pass-Through from UT Battelle LLC		4000011715		31,061	31,061
Renewable Energy Research and Development	81.087		53,170	477,793	530,963
Pass-Through from Argonne National Laboratory		1F-02149		7	7
Pass-Through from Colorado School of Mines		P0060786		68,618	68,618
Pass-Through from Global Research and Development		AGR 04-0775		10,000	10,000
Pass-Through from Midwest Research Institute		XDJ-3-33600-01		48,110	48,110
Pass-Through from Spire Corporation		200516		47,226	47,226
Pass-Through from U.S. Department of Energy		Q00824		17,787	17,787
Pass-Through from University of Nevada		UNR-04-53,14B41702,UNR1320-114-2660		133,725	133,725
Pass-Through from UT Battelle LLC		4000033876		68,394	68,394
Fossil Energy Research and Development	81.089		154,325	2,775,588	2,929,913
Pass-Through from Clemson University Research Foundation		03-01-SR113		113,097	113,097
Pass-Through from Impact Technologies LLC		DE-PS26-04NT15450-1		65,943	65,943
Pass-Through from Montana State University		502893		11,837	11,837
Pass-Through from New Mexico Institute of Mining and Technology		502891		66,050	66,050
Pass-Through from New Mexico Institute of Mining and Technology		UTA04-262 & 29DPNET20		9,682	9,682
Pass-Through from Ohio University		02-41467-001		59,576	59,576
Pass-Through from Pennsylvania State University		2769-TTUDOE2098		20,469	20,469
Pass-Through from Pennsylvania State University		2772-TAMU-DOE-2098		89,747	89,747
Pass-Through from Rice University		R14182-71500003		232,453	232,453
Pass-Through from Rice University		R14661-7150005		83,985	83,985
Pass-Through from Southern States Energy Board		SSEB-NT41980-997-UTEXBEG-2004-001	14,021	95,629	109,650
Pass-Through from University of Kansas Center for Research		2005-064		26,700	26,700
Pass-Through from University of Mississippi		05-10-035		76,859	76,859
Pass-Through from University of Tulsa		14-2-1206211-94802		(16,489)	(16,489)
Pass-Through from Virginia Polytechnic Institute		CR-19433-414704		90,081	90,081
Pass-Through from Westport Technology Center		40144811-100		42,965	42,965
Nuclear Energy Research Initiative	81.092			88,156	88,156
Office of Environmental Cleanup and Acceleration	81.104			255,031	255,031
Pass-Through from Education, Research and Development Association of Georgia Universities		KGJ37044-O	4,742	3,115	7,857
Pass-Through from Howard University		633254-192527		157,847	157,847
Pass-Through from Howard University		633254-H010016/010063		112,568	112,568
Pass-Through from New Mexico State University		H08, Q0095		7,561	7,561
Pass-Through from University of California Los Alamos National Laboratory		50947-001-02		10,141	10,141
Pass-Through from University of Nevada Las Vegas		05-64KK-00		15,721	15,721
Pass-Through from Sandia National Laboratories		184481		64,446	64,446
Pass-Through from Sandia National Laboratories		292340		18,650	18,650
Pass-Through from University of California Livermore		B532725		(7,148)	(7,148)
Stewardship Science Grant Program	81.112			161,591	161,591
University Reactor Infrastructure and Education Support	81.114			1,616,582	1,616,582
Pass-Through from Sandia National Laboratories		293826		(2,897)	(2,897)

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from South Carolina State University		DE-F-G07-01ID14013-TAMU		37,770	37,770
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117			9	9
Pass-Through from National Association of State Energy Officials		AGR DE-FC36-03G013026		31,554	31,554
State Energy Program Special Projects	81.119		27,864	145,367	173,231
Nuclear Energy Research Initiative	81.121			55,345	55,345
Total - U.S. Department of Energy			2,366,888	42,363,368	44,730,256
United States Information Agency					
United States Information Agency	82.XXX	PECS-0115		3,113	3,113
Total - United States Information Agency			0	3,113	3,113
Federal Emergency Management Agency					
Federal Emergency Management Agency	83.XXX				
Pass-Through from League for Innovation in the Community College		UTA03-384		164,928	164,928
Pass-Through from Southwest Educational Development		SEDL 52209		579,571	579,571
Pass-Through from FEMA		FEMA-1479 Hurricane Claudette		8,772	8,772
Hazard Mitigation Grant	83.548			15	15
Total - Federal Emergency Management Agency			0	753,286	753,286
U.S. Department of Education					
U.S. Department of Education	84.XXX	84-28112005		25,429	25,429
		84-33912005		75,382	75,382
		P116M010015	11,408	288,274	299,682
		P339B990414		64,579	64,579
		T195A000031, T195E000042	8,298	436,648	444,946
		UTA04-279		(2,839)	(2,839)
Pass-Through from Agile Mind Inc		DC-AMI02		120,208	120,208
Pass-Through from Austin Independent School District		114424		33,826	33,826
Pass-Through from Intercultural Development Research Association		F04-S1 S283A950031-04		194,894	194,894
Pass-Through from Mathematica Policy Research Inc		NOMPR: 6136-04-068		65,681	65,681
Pass-Through from National Council for Accreditation of Teacher Education		UTA04-053		36,507	36,507
Pass-Through from National Writing Project Corporation		02-TX11		65,236	65,236
Pass-Through from Port Aransas Independent School District		UTA05-323		4,870	4,870
Pass-Through from RMC Research Corporation		ED-03-CO-0082, Yr 2		1,850,387	1,850,387
Pass-Through from Southern Methodist University		UTSUB6000607		549,632	549,632
Pass-Through from Southwest Educational Development		47434 1.3		205	205
Pass-Through from Southwest Educational Development Lab		G72203		165,852	165,852
Adult Education—State Grant Program	84.002			347,725	347,725
Title I Grants to Local Educational Agencies	84.010			917,874	917,874
Migrant Education—State Grant Program	84.011			489,471	489,471
National Resource Centers and Fellowships Program for Language and Area or Language and International Studies	84.015			1,985,820	1,985,820
International: Overseas—Faculty Research Abroad	84.019			44,669	44,669

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
International: Overseas—Group Projects Abroad	84.021			204,165	204,165
International: Overseas—Doctoral Dissertation	84.022			110,092	110,092
Special Education—Grants to States	84.027			301,267	301,267
Higher Education—Institutional Aid	84.031			1,009,951	1,009,951
TRIO—Talent Search	84.044			(19)	(19)
Vocational Education—Basic Grants to States	84.048			1,481,260	1,481,260
Fund for the Improvement of Postsecondary Education	84.116		108,697	2,015,188	2,123,885
Pass-Through from Ball State University		P116M030006;UTA04-552		16,130	16,130
Pass-Through from North Carolina State University		2001-1696-02		19,489	19,489
Pass-Through from University of California Davis		503111		229	229
Pass-Through from University of Illinois		2005-2420-1,5-40263-F		4,444	4,444
Pass-Through from University of Missouri		C00001245-1		12,886	12,886
Pass-Through from University of Missouri Columbia		C00004842		12,544	12,544
Minority Science and Engineering Improvement	84.120			137,398	137,398
Rehabilitation Long-Term Training	84.129			729,049	729,049
National Institute on Disability and Rehabilitation Research	84.133		173,889	1,270,481	1,444,370
Pass-Through from Leung Illinois Evaluation		G72108		1,546	1,546
Pass-Through from The Institute for Rehabilitation and Research		H133B990014		16,105	16,105
Migrant Education—High School Equivalency Program	84.141			131,210	131,210
College Housing and Academic Facilities Loans	84.142			79,331	79,331
Business and International Education Projects	84.153			119,945	119,945
Javits Fellowships	84.170			23,600	23,600
Special Education—Grants for Infants and Families with Disabilities	84.181			293,387	293,387
Bilingual Education-Professional Development	84.195			67,684	67,684
Pass-Through from Education Service Center Region X		UTA05-040		501,434	501,434
Graduate Assistance in Areas of National Need	84.200			364,348	364,348
Pass-Through from Western Illinois University		G72004		20,553	20,553
Even Start—State Educational Agencies	84.213		505,988	408,062	914,050
Pass-Through from Westat Inc		ED-01-CO-0120		509,477	509,477
Fund for the Improvement of Education	84.215			328,496	328,496
Pass-Through from Iowa Public Television		264-5500		8,292	8,292
Pass-Through from Iowa Public Television		264-5680		1,121	1,121
Pass-Through from Irving Independent School District		G72041		9,627	9,627
Pass-Through from Lubbock Independent School District		1352-44-B945		15,169	15,169
Pass-Through from National Council for Accreditation of Teacher Education		UTA04-053		518,759	518,759
Pass-Through from Reach Out and Read Inc		ROR2005		29,707	29,707
Pass-Through from Virginia Commonwealth University		520197/P614360		52,861	52,861
TRIO—McNair Post-Baccalaureate Achievement	84.217			68,494	68,494
Centers for International Business Education	84.220			382,535	382,535
Assistive Technology	84.224		117,717	502,614	620,331
American Overseas Research Centers	84.274			27,700	27,700
Charter Schools	84.282			323,758	323,758
Pass-Through from Austin Independent School District		DC-AM21		35,999	35,999
State Grants for Innovative Programs	84.298			240,123	240,123
Pass-Through from Houston Independent School District		G090404		32,055	32,055
Pass-Through from Allen Independent School District		G72025		(71,501)	(71,501)
Pass-Through from Education Service Center Region IX		R303A980088		34,946	34,946
Education Research, Development and Dissemination	84.305		1,062,064	4,033,233	5,095,297
Pass-Through from American Educational Research Association		1354-44-A147		3,770	3,770
Pass-Through from American Educational Research Association		1354-44-B298		18,210	18,210
Pass-Through from Mathematica Policy Research Inc		ED-01-CO-0039		2,541	2,541
Pass-Through from Texas A&M Research Foundation		S040010		80,569	80,569
Pass-Through from Vanderbilt University		17476-S2		171,186	171,186

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Capacity Building for Traditionally Underserved Populations	84.315			175,527	175,527
Pass-Through from University of Texas Pan American		G72000		68,399	68,399
Education Technology State Grants	84.318			35,925	35,925
Pass-Through from Marshall Independent School District		DC-TARGET01		23,000	23,000
Research in Special Education	84.324		31,379	1,487,766	1,519,145
Pass-Through from University of Missouri		CG005086-1		30,855	30,855
Pass-Through from University of Wisconsin		UTA04-402-129H286		21,219	21,219
Special Education—Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325			1,546,727	1,546,727
Pass-Through from University of Southern Mississippi		USM-GR01700-A3 H325A020083		98,583	98,583
Demonstration Projects to Ensure Students with Disabilities Receive a Higher Education	84.333			328,012	328,012
Child Care Access Means Parents in School	84.335			173,478	173,478
Teacher Quality Enhancement Grants	84.336		467,092	1,966,053	2,433,145
Pass-Through from University of California Los Angeles		5400-G-DC448		112,054	112,054
Preparing Tomorrow's Teachers to Use Technology	84.342			5,811	5,811
Pass-Through from University of Texas at Austin		G72246		19	19
Transition to Teaching	84.350			67,476	67,476
Reading First State Grants	84.357		100,733	3,327,231	3,427,964
Pass-Through from Decision Information Resources Inc		ED-01-CO-27/2		57,825	57,825
Pass-Through from RMC Research Corporation		EDO1CO00550006		23,679	23,679
Mathematics and Science Partnerships	84.366		1,275,280	1,824,461	3,099,741
Pass-Through from Galveston College		UTA04-339		3,388	3,388
Improving Teacher Quality State Grants	84.367			242,100	242,100
Total - U.S. Department of Education			3,862,545	36,091,418	39,953,963
Scholarship Foundations					
Woodrow Wilson Center Fellowships in the Humanities and Social Sciences	85.300			77,377	77,377
Total - Scholarship Foundations			0	77,377	77,377
U.S. Department of Health and Human Services					
U.S. Department of Health and Human Services	93.XXX	1 R01 HD043371-01A2	11,266	2,204,120	2,215,386
		1097-3781-M-1 1		1,638	1,638
		150004		115,285	115,285
		160006		147	147
		160012	316,803	1,021,931	1,338,734
		160013		85,397	85,397
		160015		822,708	822,708
		170000		(15,285)	(15,285)
		170003		143,129	143,129
		170005		1,022,725	1,022,725
		170007		18,415	18,415
		170009		101,686	101,686
		170020		7,290	7,290
		170021		333,705	333,705
		1P20MD000161		379,551	379,551
		1S06GM68855		885,298	885,298
		2 R25 GM058397-02		54,237	54,237
		200-1999-00095		603,344	603,344
		200-2001-00084		438,855	438,855
		200-2001-00085		3,039	3,039

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
		2004-100 01		97,903	97,903
		263-MA-212747		6,598	6,598
		263-MQ-112277 3		4,183	4,183
		273-MH-011567 1		2,004	2,004
		3 U42 RR015090 05 S1	1,377,915	517,053	1,894,968
		35392 OPHS-3-080		4,638	4,638
		3S06GM68855-S1		210,098	210,098
		5 R01 GM051189 09		2,473	2,473
		5 R01 GM053683 06		(34,258)	(34,258)
		5 R01 GM060213 05	13,389	69,084	82,473
		5 R01 GM063345 03		(99,404)	(99,404)
		5 R01 HD016843 22		263,882	263,882
		5 R01 HD030284 10		274,322	274,322
		5 R01 HD040397 04		259,695	259,695
		5 R01 HD046228 02		19,646	19,646
		5 KO1 DA016262		33,043	33,043
		5 R01 HD28419-12	4,371	94,063	98,434
		5 R25 GM055380-7		(1,257)	(1,257)
		93731		21,560	21,560
		93886		8,459	8,459
		93895		127,274	127,274
		93960		111,464	111,464
		ATT 15, CHG 20,		51,573	51,573
		CON11090		7,152,405	7,152,405
		CON11090-P53946	204,543		204,543
		CON11104	1,058,937		1,058,937
		CON11104-P53966	400,116		400,116
		N01 AI-30070 01		73,268	73,268
		N01 AO-062713 07	32,505		32,505
		N01 AR-0-2249 05	95,559	394,697	490,256
		N01 CM-07109 05	102		102
		N01 CM-17003 02		45,122	45,122
		N01 CM-52204 01		20,545	20,545
		N01 CN-035112 02	131,724	169,807	301,531
		N01 CN-035159 03		265,525	265,525
		N01 CN-05125 2	130,093	15,521	145,614
		N01 CN-05126 2	216,088	199,767	415,855
		N01 CN-095040 04	2,868	364,603	367,471
		N01 CN-85186 4	194,113	284,708	478,821
		N01 CP-91024 05		626,647	626,647
		N01-CM-17003 04	28,000	563,802	591,802
		N02 C0-51110 13		116,415	116,415
		N02-OR-0-4021 07		(222,401)	(222,401)
		NCI-40138-NG		5,106	5,106
		NO1DA-2-8822		693,469	693,469
		NO1-HO-9923		(91)	(91)
		NO1-LM-3515		14,252	14,252
		R25GM065925		208,543	208,543
Pass-Through from Adoption Exchange Association		UTA03-585		279,271	279,271
Pass-Through from Albert Einstein College of Medicine		9-526-0501		3,860	3,860
Pass-Through from American College of Radiology Imaging		970018		11,826	11,826
Pass-Through from Austin Learning Academy		UTA04-578		8,020	8,020
Pass-Through from Battelle Memorial Institute		G72141		575	575
Pass-Through from Baylor College of Medicine		1 R01 HL079533 01		121,430	121,430
Pass-Through from Baylor College of Medicine		4600583954		222,055	222,055
Pass-Through from Baylor College of Medicine		5 M01 RR00350-28		(78,457)	(78,457)

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from Baylor College of Medicine		N01-AI-30039		288,810	288,810
Pass-Through from Biomedical Development Corporation		970001		(6,105)	(6,105)
Pass-Through from Booz Allen Hamilton Inc		1435-04-04-CT73980		4,809	4,809
Pass-Through from Boston University		991897		40,529	40,529
Pass-Through from Case Western Reserve University		970002		453	453
Pass-Through from Children's Research Institute		970029		25,470	25,470
Pass-Through from C-Motion Inc		UTA04-556		80,116	80,116
Pass-Through from Concrete Solutions		31-1715-111/167		86,663	86,663
Pass-Through from Courtesy Associates		991631		1,410	1,410
Pass-Through from Eastern Virginia Medical School		991752		232,907	232,907
Pass-Through from Fred Hutchinson Cancer Research Center		991575		3,373	3,373
Pass-Through from George Mason University		E 600247-2		88,589	88,589
Pass-Through from Humanities Texas		2005-3080		8,468	8,468
Pass-Through from Inotek Inc		OPERUNIT-54472		17,199	17,199
Pass-Through from Johns Hopkins University		970020		110,050	110,050
Pass-Through from Louisiana State University		200401316;C190338		62,988	62,988
Pass-Through from Massachusetts General Hospital		970012		164,329	164,329
Pass-Through from Mayo Clinic Jacksonville		1 R01 CA104505 01		90,688	90,688
Pass-Through from McKesson BioService Corporation		OPERUNIT-58660		94,981	94,981
Pass-Through from McMaster University		991886		88,130	88,130
Pass-Through from MD Anderson Cancer Center		990797		(173,303)	(173,303)
Pass-Through from Mercy Health Center		991678		73,145	73,145
Pass-Through from MHMR Center for Health Care Services		710001		13,513	13,513
Pass-Through from Miscellaneous Federal		M05-0797		17,026	17,026
Pass-Through from Mount Sinai School of Medicine		0254-9895-4609		50,230	50,230
Pass-Through from Mount Sinai School of Medicine		970005		7,697	7,697
Pass-Through from National Surgical Adjuvant Breast and Bowel Project		991056		512	512
Pass-Through from North Shore-Long Island Jewish Research Institute		N01 AR-2-2263 03		86,455	86,455
Pass-Through from Rann Research Corporation		991539		11,126	11,126
Pass-Through from Research Triangle Institute		991645		(203)	(203)
Pass-Through from SAIC-Frederick Inc		N01 24XS040 01	19,642	21,264	40,906
Pass-Through from SAIC-Frederick Inc		N01 CM17003 02		38,117	38,117
Pass-Through from SAIC-Frederick Inc		N01 CO 12400 01		103,174	103,174
Pass-Through from SAIC-Frederick Inc		N01 CO-12400 01		39,923	39,923
Pass-Through from SAIC-Frederick Inc		N02 CO-12400 01		7,977	7,977
Pass-Through from Scripps Research Institute		5-74809		129,754	129,754
Pass-Through from Southwest Oncology Group		S0342		16,182	16,182
Pass-Through from TDA Research Inc		UTA05-503		19,103	19,103
Pass-Through from U.S. Immunodeficiency Network		991795		34,121	34,121
Pass-Through from U.S. Immunodeficiency Network		N01-AI-30070		(7,543)	(7,543)
Pass-Through from University of Alabama Birmingham		5 N01 CN-05110 03		47,388	47,388
Pass-Through from University of Alabama Birmingham		5 N01 CN-25127 03		84,732	84,732
Pass-Through from University of Alabama Birmingham		5 N01 CN35103 02		10,122	10,122
Pass-Through from University of Alabama Birmingham		990370		2,099	2,099
Pass-Through from University of Arizona		970003		11,989	11,989
Pass-Through from University of Arizona		Y714189 / R21CA91454		(747)	(747)
Pass-Through from University of Arkansas		990651		(7,774)	(7,774)
Pass-Through from University of California Lawrence Livermore National Laboratory		B522279		17,866	17,866
Pass-Through from University of California Los Angeles		991715		7,503	7,503
Pass-Through from University of California San Diego		NIMH-00-A1-0005	32,735	413,526	446,261
Pass-Through from University of North Carolina		990378		45,471	45,471
Pass-Through from University of Pittsburgh		05-22291-6400		2,000	2,000

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from University of Pittsburgh		991764		5,856	5,856
Pass-Through from Veterans Medical Research Foundation		UTA02-313		76,317	76,317
Pass-Through from Wake Forest University		990976		21,158	21,158
Pass-Through from Wayne State University		5 N01 ES7518 06 A8		(3,887)	(3,887)
Pass-Through from Wayne State University		N01 HD23342		17,249	17,249
Public Health and Social Services Emergency Fund	93.003			237,903	237,903
Special Programs for the Aging—Title III, Part B—Grants for Supportive Services and Senior Centers	93.044			2,696	2,696
Special Programs for the Aging—Title IV—and Title II—Discretionary Projects	93.048			130,783	130,783
National Family Caregiver Support	93.052			16,824	16,824
Pass-Through from Origen Therapeutics		2 R44 GM64261		49,463	49,463
Centers for Genomics and Public Health	93.063			142,522	142,522
Health Disparities in Minority Health	93.100			7,401	7,401
Food and Drug Administration—Research	93.103		25,595	539,412	565,007
Pass-Through from Duke University		991020		11,971	11,971
Pass-Through from Duke University		FD-R-002154-01		13,631	13,631
Pass-Through from New York Hospital		FD-R-001649-1		(15,005)	(15,005)
Model State-Supported Area Health Education Centers	93.107		388,781	165,920	554,701
Maternal and Child Health Federal Consolidated Programs	93.110		197,197	229,732	426,929
Pass-Through from Johns Hopkins University		97.3022 8410-53724		6,858	6,858
Biological Response to Environmental Health Hazards	93.113		400,536	8,212,885	8,613,421
Pass-Through from Genometrix Inc		1 R01 ES 09910-02		(131,424)	(131,424)
Pass-Through from Genomics USA Inc		5 R01 ES012482-03		40,402	40,402
Pass-Through from Oregon Health Science University		GCROE00738		115,108	115,108
Pass-Through from Southern University A&M College		OGSP-23-99-0200-125B		322,388	322,388
Pass-Through from University of Maryland School of Medicine		990558		7,690	7,690
Applied Toxicological Research and Testing	93.114			206,359	206,359
Biometry and Risk Estimation—Health Risks from Environmental Exposures	93.115		210,178	1,337,334	1,547,512
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116			87,470	87,470
Pass-Through from Los Alamos National Laboratory		502198		1,512	1,512
Pass-Through from Los Alamos National Laboratory		502900		904,983	904,983
Pass-Through from Los Alamos National Laboratory		503163		52,025	52,025
Grants for Preventive Medicine	93.117			36,306	36,306
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118			10,231	10,231
Oral Diseases and Disorders Research	93.121		1,006,529	8,029,990	9,036,519
Pass-Through from American Dental Association Health Foundation		990971		1,175	1,175
Pass-Through from Forsyth Institute		970010		(1,335)	(1,335)
Pass-Through from Medical Modeling LLC		1R41DE016171		27,566	27,566
Pass-Through from Rice University		1R01DE15164		142,255	142,255
Pass-Through from University of Delaware		1R01DE135420		32,167	32,167
Pass-Through from University of Iowa		970014		116,081	116,081
Pass-Through from University of Kentucky		970040		111,782	111,782
Pass-Through from University of Louisville		5R01 DE13150		40,545	40,545
Pass-Through from University of Louisville		U01 DE014543 01		51,359	51,359
Pass-Through from University of Louisville Research Foundation Inc		7R01 DE14543		70,049	70,049
Pass-Through from University of North Carolina		990378		405,694	405,694
Pass-Through from University of Washington		5R01 DE13546-05		52,315	52,315
Primary Care Services Resource Coordination and Development	93.130			4,255	4,255
Pass-Through from University of Pittsburgh		1R380T01300		148,743	148,743
Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135		454,952	4,560,301	5,015,253

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from Battelle Memorial Institute		CDC 208-199		39,828	39,828
Pass-Through from Hispanic Serving Health Professions School		991803		29,238	29,238
Pass-Through from University of South Carolina		U48CCU409664		52,386	52,386
Pass-Through from University of South Florida		U48CCCU415803		1,114	1,114
Pass-Through from University of Washington		990447		43,406	43,406
Injury Prevention and Control Research and State and Community Based Programs	93.136		368,763	244,793	613,556
Community Programs to Improve Minority Health Grant Program	93.137		1,076,494	1,742,977	2,819,471
Pass-Through from University of Washington		8314741		171,456	171,456
Pass-Through from Dallas County Hospital District		Ryan White-57571		74,377	74,377
Pass-Through from Howard University		991540		141,632	141,632
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153		871,287	709,188	1,580,475
Pass-Through from Resource Group		05UTG00T4		46,433	46,433
Pass-Through from University of Missouri Columbia		G72042		19,763	19,763
Geriatric Training for Physicians, Dentists and Behavioral/Mental Health Professionals	93.156			206,006	206,006
Centers of Excellence	93.157			1,243,370	1,243,370
Human Genome Research	93.172			574,346	574,346
Pass-Through from Baylor College of Medicine		1P41HG003083-01A1		50,439	50,439
Pass-Through from Baylor College of Medicine		4600503020		4,999	4,999
Pass-Through from Baylor College of Medicine		4600563853		35,876	35,876
Pass-Through from Baylor College of Medicine		970007		146	146
Pass-Through from Harvard University		503184		85,382	85,382
Pass-Through from Texas A&M Research Foundation		S050078		24,778	24,778
Research Related to Deafness and Communication Disorders	93.173		536,848	7,181,339	7,718,187
Pass-Through from Case Western Reserve University		5R01DC00538504		138,858	138,858
Pass-Through from Purdue University		510-4004-2 / 2 R01 DC00458-14		20,554	20,554
Pass-Through from Purdue University		5R01DC00578803		65,428	65,428
Pass-Through from University of Colorado		970009		103,955	103,955
Pass-Through from University of Iowa		4000526145		23,097	23,097
Nursing Workforce Diversity	93.178			13,132	13,132
Disabilities Prevention	93.184			34,340	34,340
Immunization Research, Demonstration, Public Information and Education—Training and Clinical Skills Improvement Projects	93.185			4,128	4,128
Pass-Through from St. Luke's Roosevelt Hospital		1R01HL5002001A2		629	629
Health Education and Training Centers	93.189		49,585	62,825	112,410
Allied Health Special Projects	93.191			347,862	347,862
Pass-Through from University of Kentucky		OPERUNIT-57824		7,384	7,384
Telehealth Network Grants	93.211			380,474	380,474
Research and Training in Complementary and Alternative Medicine	93.213			1,951,725	1,951,725
Pass-Through from American Medical Student Association Foundation		991853		10,152	10,152
Pass-Through from Carolinas Neuromuscular ALS Center		998179		14,501	14,501
Pass-Through from University of California		5R01AT0000505		6,200	6,200
Pass-Through from University of Missouri		5 P01 ES10535-05		146,611	146,611
Family Planning—Services	93.217			2,016,378	2,016,378
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	93.224			10,084	10,084
Pass-Through from Harris County Hospital District		2G92OA00151		15,835	15,835
Research on Healthcare Costs, Quality and Outcomes	93.226		221,447	1,562,789	1,784,236
Pass-Through from American College of Surgeons		R01HS0986005		76,487	76,487

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from Harvard School of Public Health		1U1HS11886		3,416	3,416
Pass-Through from Yale University		5P50AA01287005		182,016	182,016
Consolidated Knowledge Development and Application (KD&A) Program	93.230		79,291	557,433	636,724
Pass-Through from Center for Health Care Services		1H79T115755		21,206	21,206
Pass-Through from Healy-Murphy Center		990465		10,245	10,245
Abstinence Education Program	93.235			150,618	150,618
Mental Health Research Grants	93.242		1,205,794	28,042,843	29,248,637
Pass-Through from Acenta Discovery Inc		5 R41 MH070083		138,645	138,645
Pass-Through from Baylor College of Medicine		4600656306		4,503	4,503
Pass-Through from Baylor College of Medicine		7R01 MH053932		25,295	25,295
Pass-Through from Cambridge Health Alliance		991634		31,406	31,406
Pass-Through from Columbia University		5R01MH06385204		83,485	83,485
Pass-Through from Duke Clinical Research Institute		5R01MH7049402		13,698	13,698
Pass-Through from Emory University		5P50MH05892205		267	267
Pass-Through from Johns Hopkins University		11MH070056		5,922	5,922
Pass-Through from Johns Hopkins University		11MH070306		20,562	20,562
Pass-Through from Johns Hopkins University		5R01MH069116		5,251	5,251
Pass-Through from McLean Hospital		5P50MH6045006		234,579	234,579
Pass-Through from Rockefeller University		1P50MH07486601		40,743	40,743
Pass-Through from Southern Methodist University		G72036		160,380	160,380
Pass-Through from Southwest Educational Development		MH65462		31,060	31,060
Pass-Through from University of California		990372		10,938	10,938
Pass-Through from University of California Berkeley		R01MH3991719		85,641	85,641
Pass-Through from University of California Los Angeles		5 R01 MH060213		11,193	11,193
Pass-Through from University of California San Francisco		3223sc		(3,133)	(3,133)
Pass-Through from University of Colorado		SPO 26733		59,157	59,157
Pass-Through from University of Illinois		MH39595-15		415	415
Pass-Through from University of South Florida		991760		(7,822)	(7,822)
Pass-Through from University of Wyoming		R01MH63667		26,158	26,158
Pass-Through from Washington University		WU-HT-05-26		16,393	16,393
Pass-Through from Wayne State University		WSU05042		39,063	39,063
Pass-Through from Yale University		991685		6,904	6,904
Pass-Through from Yale University		DKP1071238		38,223	38,223
Pass-Through from Yale University		UTA04-015		47,630	47,630
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243		209,139	484,489	693,628
Advanced Education Nursing Grant Program	93.247			124,052	124,052
Public Health Training Centers Grant Program	93.249			132,420	132,420
Health Communities Access Program	93.252		62,557	114,239	176,796
Pass-Through from Dallas Academy of Medicine		5G92OA0013102		7,834	7,834
Poison Control Stabilization and Enhancement Grants	93.253			179,852	179,852
Pass-Through from National Council for Adoption		26390224		15,831	15,831
Family Planning—Personnel Training	93.260			267,860	267,860
Occupational Safety and Health Program	93.262			346,233	346,233
Pass-Through from Colorado State University		U50 OH008085		15,122	15,122
Occupational Safety and Health-Training Grants	93.263			23,747	23,747
Alcohol Research Career Development Awards for Scientists and Clinicians	93.271			152,851	152,851
Alcohol National Research Service Awards for Research Training	93.272			425,950	425,950
Pass-Through from University of Hawaii		5UO1AA14289		44,208	44,208
Alcohol Research Programs	93.273		2,117,374	8,186,347	10,303,721
Pass-Through from Research Foundation for Mental Hygiene		5R01AA1330303		953	953
Pass-Through from University of Kentucky		4-64281-02-045		7,203	7,203
Pass-Through from University of South Carolina		2R01 AA011828		50,658	50,658

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from University of Washington		825449		9,635	9,635
Pass-Through from Wake Forest University		5U01AA1364104		85,801	85,801
Career Development Awards	93.277			199,334	199,334
Drug Abuse National Research Service Awards for Research Training	93.278			346,898	346,898
Drug Abuse and Addiction Research Programs	93.279		999,549	21,990,330	22,989,879
Pass-Through from Duke University		1R01DA016977		33,894	33,894
Pass-Through from Georgetown University		R01 DA1045806		192	192
Pass-Through from Johns Hopkins University		2R01DA01332406		4,686	4,686
Pass-Through from Kentucky Research Foundation		05PA030016N1L		44,331	44,331
Pass-Through from Loyola University Stritch School of Medicine		991782		22,453	22,453
Pass-Through from Medical College of Wisconsin		5R01DA00915509		84,449	84,449
Pass-Through from Minneapolis Medical Research Foundation		3 R01 DA015668-02SI		3,550	3,550
Pass-Through from Minneapolis Medical Research Foundation		5R01DA010714-08		41,155	41,155
Pass-Through from Nabi Inc		NABI-NIH		6,234	6,234
Pass-Through from University of California Los Angeles		2000GCJ903		90,043	90,043
Pass-Through from University of Illinois Chicago		R01 DA010458		90,720	90,720
Pass-Through from University of Miami		66039X		39,270	39,270
Pass-Through from University of Miami		M768664		110,646	110,646
Pass-Through from University of Miami		N01 DA-1-1200		6,375	6,375
Pass-Through from University of Nebraska Omaha		1R25 DA13522		38,205	38,205
Pass-Through from University of Pittsburgh		106668-1		68	68
Pass-Through from Vanderbilt University		991630		57,913	57,913
Mental Health Research Career/Scientist Development Awards	93.281			1,304,377	1,304,377
Mental Health National Research Service Awards for Research Training	93.282			1,337,785	1,337,785
Centers for Disease Control and Prevention—Investigations and Technical Assistance	93.283		749,773	4,699,801	5,449,574
Pass-Through from Association of American Medical Colleges		991127		99,510	99,510
Pass-Through from Associations of Schools of Public Health		U36CCU300430		774,775	774,775
Pass-Through from Boston University		CCU617918		60,262	60,262
Pass-Through from City of Houston Health and Human Services		FC 55262		6,420	6,420
Pass-Through from Kentucky Research Foundation		03AP010085FA1		2,471	2,471
Pass-Through from Southwest Center for Pediatric Environmental Health		521553060		129,313	129,313
Pass-Through from University of Chicago		R01CCR523379	28,188	8,282	36,470
Pass-Through from University of Colorado		U27CCU81210606		4,909	4,909
Pass-Through from University of Colorado Health Science Center		027/CCU812106		15,652	15,652
Pass-Through from University of Georgia		U90 CCU42186203		6,355	6,355
Pass-Through from University of Oklahoma Health Science Center		U50 CCU 300860-02 CDC		1,494	1,494
Pass-Through from Washington University		R01NS32228		8,768	8,768
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		570,172	4,895,200	5,465,372
Pass-Through from City of Houston Health and Human Services		CCU606238		304,755	304,755
Pass-Through from University of Arizona		Y403050		121,651	121,651
Pass-Through from University of California Los Angeles		991715		128,945	128,945
Pass-Through from University of Wisconsin System		R01EB000459		6,401	6,401
Bioengineering Research	93.287			334,084	334,084
Nurse Practitioner and Nurse-Midwifery Education Program Advanced Nurse Education	93.298			(370)	(370)
National Center for Health Workforce Analysis	93.300			349,015	349,015
Comparative Medicine	93.306		103,371	586,504	689,875
Pass-Through from Southwest Foundation for Biomedical Research		970008		(128)	(128)

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Minority Health and Health Disparities Research	93.307		7,432	3,773,526	3,780,958
Pass-Through from University of Michigan		3900-10/11		36,154	36,154
Clinical Research	93.333			4,004,797	4,004,797
Pass-Through from American Physiological Society		990708		5,794	5,794
Advanced Education Nursing Traineeships	93.358			227,866	227,866
Basic Nurse Education and Practice Grants	93.359		141,739	2,018,321	2,160,060
Nursing Research	93.361		11,814	3,923,482	3,935,296
Pass-Through from University of Virginia		GC11050-119985		(10)	(10)
Biomedical Technology	93.371		18,361	145,425	163,786
Pass-Through from Oncosis		R44RR1537402		153,447	153,447
Pass-Through from University of the Incarnate Word		991087		12,730	12,730
National Center for Research Resources	93.389		113,363	20,628,910	20,742,273
Pass-Through from Baylor College of Medicine		1 P20 RR020626-01		3,956	3,956
Pass-Through from Baylor College of Medicine		1 P20 RR020647-01 400613194		87,336	87,336
Pass-Through from Baylor College of Medicine		1P20RR020626		32,208	32,208
Pass-Through from Baylor College of Medicine		5K12RR017665		11,380	11,380
Pass-Through from Constella Group Inc		GENLINK-32831		33,518	33,518
Pass-Through from Harbor-UCLA Medical Center		5K23RR1618005		1,928	1,928
Pass-Through from Mount Sinai School of Medicine		5U54RR01948403		118,305	118,305
Pass-Through from Oklahoma University Health Sciences Center		05LM030014F2H		143,264	143,264
Pass-Through from University of Alaska		991727		455	455
Pass-Through from University of Kentucky		4-63697-00-265		375	375
Pass-Through from University of Rochester		5U54RR1948202		112,958	112,958
Pass-Through from University of Southern California		H31034		41,865	41,865
Pass-Through from Virginia Polytechnic Institute		991856		13,481	13,481
Academic Research Enhancement Award	93.390			748,087	748,087
Cancer Construction	93.392			2,083,644	2,083,644
Cancer Cause and Prevention Research	93.393		662,384	25,026,306	25,688,690
Pass-Through from Baylor College of Medicine		5 R01 CA078480 06		(7,819)	(7,819)
Pass-Through from Baylor College of Medicine		970007		57,521	57,521
Pass-Through from Beth Israel Hospital		5 R01 CA095662 03		4,478	4,478
Pass-Through from British Columbia Cancer Agency		5U01CA09610902		369,335	369,335
Pass-Through from Lawrence Berkeley National Laboratory		970031		(1,159)	(1,159)
Pass-Through from Louisiana State University Medical Center		2P01 CA028842		29,965	29,965
Pass-Through from Mayo Clinic		5 R01 CA097075 03		94,316	94,316
Pass-Through from National Cancer Institute		5 R01 CA069375 08		240,210	240,210
Pass-Through from Northwestern University		R01 CA014768 01 A1		22,576	22,576
Pass-Through from Transpire Inc		RCR03-0400		26,645	26,645
Pass-Through from University of Arizona		5 P01 CA027502 22		(17,785)	(17,785)
Pass-Through from University of Arizona		5 P01 CA041108 18		160,791	160,791
Pass-Through from University of California Berkeley Laboratory		6721739		76,264	76,264
Pass-Through from University of California Irvine		2R01CA07441507		115,728	115,728
Pass-Through from University of California San Diego		5 R01 CA069375 06		(12,710)	(12,710)
Pass-Through from University of California San Francisco		5 R01 CA052689 14		14,102	14,102
Pass-Through from University of Cincinnati		5 R01 CA097099 02		5,781	5,781
Pass-Through from University of Cincinnati		5U01 CA076293 05		8,390	8,390
Pass-Through from University of Georgia		502573		27,347	27,347
Pass-Through from University of Iowa		3 R01 CA104825 02 S1		44,669	44,669
Pass-Through from University of Michigan		5 R01 CA095662 02		6,585	6,585
Pass-Through from University of Minnesota		1R01CA11135501		10,421	10,421
Pass-Through from University of Pennsylvania		535587		134,740	134,740
Pass-Through from University of Rochester		5 R01 CA098954 02		99,291	99,291
Cancer Detection and Diagnosis Research	93.394		801,572	6,166,698	6,968,270
Pass-Through from Alan Penn and Associates		2R44CA0851012		24,002	24,002

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from American College of Radiology Imaging		6666-CA80098		247,678	247,678
Pass-Through from American College of Radiology Imaging		970018		7,421	7,421
Pass-Through from Fairway Medical Technology		R33CA095883		76	76
Pass-Through from Fairway Medical Technology		R43CA96153		11,094	11,094
Pass-Through from Lovelace Respiratory Research Institute		1 R01 CA095568 01 A1		1,000	1,000
Pass-Through from Mayo Clinic		P01 CA085799 04		106,778	106,778
Pass-Through from Research Triangle Institute		N01 CP-01004		14,200	14,200
Pass-Through from Thomas Jefferson University		1R01CA84140		37,181	37,181
Pass-Through from University of Chicago		TRACS 25878		13,688	13,688
Pass-Through from University of Maryland Baltimore County		CG0604		456	456
Pass-Through from University of Pennsylvania		5U01CA7468005		741	741
Pass-Through from Washington University		2 U24 CA081647 04		50,545	50,545
Cancer Treatment Research	93.395		921,359	29,702,167	30,623,526
Pass-Through from Adeptas Inc		1 R43 CA107764 01		13,040	13,040
Pass-Through from American College of Radiology Imaging		5 U01 CA021661 30		9,247	9,247
Pass-Through from American College of Radiology Imaging		5 U01 CA080098		486,099	486,099
Pass-Through from American College of Radiology Imaging		5 U01 CA080098 03		(39,846)	(39,846)
Pass-Through from American College of Radiology Imaging		5 U01 CA080098 05		725	725
Pass-Through from American College of Radiology Imaging		5 U10 CA021661 27		237,070	237,070
Pass-Through from American College of Radiology Imaging		5 U01 CA080098 05		13,923	13,923
Pass-Through from American College of Radiology Imaging		CA 21661-01		(1,819)	(1,819)
Pass-Through from American College of Radiology Imaging		RTOG PROTOCOL 0018 01		2,273	2,273
Pass-Through from American College of Radiology Imaging		U10 CA021661 29		49,073	49,073
Pass-Through from American College of Radiology Imaging		U10CA21661		27,536	27,536
Pass-Through from BioTex Inc		2 R44 CA101573 02		5,249	5,249
Pass-Through from Cancer Therapy		OPERUNIT-56839		440	440
Pass-Through from Cancer Therapy & Research Center Research Foundation		880000		80,483	80,483
Pass-Through from Children's Oncology Group		U01CA974521021		3,811	3,811
Pass-Through from Comchem Technologies		UTA03-431		(1,865)	(1,865)
Pass-Through from Dana Farber Cancer Institute		5 P01 CA100265 02		253,506	253,506
Pass-Through from Dana Farber Cancer Institute		5R01CA1063702		39,290	39,290
Pass-Through from Dermigen Corporation		1 R41 CA101441 01		12,228	12,228
Pass-Through from Duke University		5 R21 CA090716 02		17,837	17,837
Pass-Through from Duke University		5 U10 CA033601 25		23,513	23,513
Pass-Through from Duke University		5 U10 CA033601-23		(8,615)	(8,615)
Pass-Through from Duke University		5 U10 CA076001 07		21,815	21,815
Pass-Through from Duke University		5 U10 CA076001 08		558	558
Pass-Through from Duke University		5 U10 CA85850 04		22,600	22,600
Pass-Through from Duke University		5 U10 CA 76001-01		958	958
Pass-Through from Duke University		5 U10 CA76001-01		4,552	4,552
Pass-Through from Duke University		U10CA76001		56,725	56,725
Pass-Through from Eastern Cooperative Oncology Group		5 U10 CA 21115		3,290	3,290
Pass-Through from Emory University		991707		38,700	38,700
Pass-Through from EP Limited		5 R44 CA069926 03		36,663	36,663
Pass-Through from Fairway Medical Technology		R44CA809959		76	76
Pass-Through from Frontier Science and Technology Research Foundation		5 U10 CA021115 29 S1		(4,663)	(4,663)
Pass-Through from Gynecologic Oncology Group		1 R01 CA027469 01		18	18
Pass-Through from Gynecologic Oncology Group		27469-114		26,809	26,809
Pass-Through from Gynecologic Oncology Group		SPA2746937		98,258	98,258
Pass-Through from Houston Pharmaceuticals		01-03-00631		55,813	55,813
Pass-Through from Indiana University		5 R01 CA 74470-01		(4,792)	(4,792)
Pass-Through from Introgen Therapeutics		2 R42 CA089778 04		36,205	36,205

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from Introgen Therapeutics		5 R42 CA089778 04		167,537	167,537
Pass-Through from Introgen Therapeutics		CA097598		(663)	(663)
Pass-Through from John Wayne Cancer Institute		CA12582		41,415	41,415
Pass-Through from Johns Hopkins University		970020		72,984	72,984
Pass-Through from Mayo Clinic		R01CA906360182		10,181	10,181
Pass-Through from Mount Sinai School of Medicine		5 R01 CA097397 02		50,736	50,736
Pass-Through from National Cancer Institute		R42 CA080589 04		94,104	94,104
Pass-Through from National Childhood Cancer Foundation		5 U10 CA013539 02		933	933
Pass-Through from National Childhood Cancer Foundation		5U01CA9745203	4,251	242,184	246,435
Pass-Through from National Childhood Cancer Foundation		98543-1184		1,664	1,664
Pass-Through from National Childhood Cancer Foundation		U10 CA98543		4,707	4,707
Pass-Through from National Society of Black Physicists		U10CA12027		31,060	31,060
Pass-Through from National Surgical Adjuvant Breast and Bowel Project		1 U10 CA012027 01		20,531	20,531
Pass-Through from Northwestern University		2U10CA5774505		2,151	2,151
Pass-Through from Northwestern University		5 R01 CA085915 04		61,664	61,664
Pass-Through from Ohio State University Research Foundation		5U01CA06653110		138,967	138,967
Pass-Through from Oregon Health Science University		5 R01 CA083936 04		28,060	28,060
Pass-Through from Pediatric Oncology Group		5U10CA30969		5,604	5,604
Pass-Through from Radiation Therapy Oncology Group		U10CA21661		45,264	45,264
Pass-Through from SAIC-Frederick Inc		N01 22XS134A 01		(17,488)	(17,488)
Pass-Through from Southwest Oncology Group		880001		(3,410)	(3,410)
Pass-Through from Translite		2 R42 CA076759 03		16,300	16,300
Pass-Through from University of California		3U01CA06239909S1		15,519	15,519
Pass-Through from University of California San Diego		5 P01 CA081534 06		476,146	476,146
Pass-Through from University of California San Francisco		2 U01 CA062399 10		205,154	205,154
Pass-Through from University of California San Francisco		3 U01 CA062399 10		810	810
Pass-Through from University of Colorado		5 R33 CA097710 03		93,798	93,798
Pass-Through from University of Illinois		NO1CN035132		140,132	140,132
Pass-Through from University of Miami		1RO1CA37109-17		38,752	38,752
Pass-Through from University of Mississippi		95-51842		69	69
Pass-Through from University of Pennsylvania		5 R01 CA089442 04		117,505	117,505
Pass-Through from University of Southern California		2 R01 CA071921 06		20	20
Pass-Through from University of Southern California		5R01CA07192108		107	107
Pass-Through from University of Virginia		5 R21 CA103528 02		17	17
Pass-Through from Virginia Commonwealth University		5 R21 CA092950 03		16,053	16,053
Pass-Through from Virginia Commonwealth University		5 R01 CA093626-04		26,966	26,966
Pass-Through from Washington University		5 U24 CA081647 06		52,652	52,652
Pass-Through from Washington University		WU-01-42		(2,660)	(2,660)
Pass-Through from Yale University		R01CA10637		95,487	95,487
Cancer Biology Research	93.396		561,415	17,391,234	17,952,649
Pass-Through from Baylor College of Medicine		1 U01 CA105491 01		117,085	117,085
Pass-Through from Baylor College of Medicine		1UO1 CA105352 02		216,408	216,408
Pass-Through from Baylor College of Medicine		2 U01 CA084243 06		89,445	89,445
Pass-Through from Baylor College of Medicine		5 U01 CA084243 05		(3,944)	(3,944)
Pass-Through from Baylor College of Medicine		5 U01 CA084243 07		77,969	77,969
Pass-Through from Baylor College of Medicine		5 U01 CA105352 02		207,207	207,207
Pass-Through from Burnham Institute		5 P01 CA82713 02		(31,099)	(31,099)
Pass-Through from Massachusetts Institute of Technology		2 U01 CA084306 06		316,200	316,200
Pass-Through from Massachusetts Institute of Technology		5 U01 CA084306 05		6	6
Pass-Through from Mayo Clinic		5168079900-5B1710		14,292	14,292
Pass-Through from National Cancer Institute		1R15CA108536-01		72,454	72,454
Pass-Through from Pennsylvania State University		991739		9	9
Pass-Through from University of California San Francisco		5 P01 CA 064602 09		259,124	259,124
Pass-Through from University of California San Francisco		5 P01 CA064602 08		203,651	203,651
Pass-Through from University of California San Francisco		5 P01 CA064602 09		121,486	121,486

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from University of California San Francisco		5 P01 CA064602 09 4		323,129	323,129
Pass-Through from University of Cincinnati		5U01CA07629305		15,560	15,560
Pass-Through from University of Missouri Columbia		5 R01 CA086916 05		25,741	25,741
Pass-Through from University of Pennsylvania		2 R01 CA089202 04		23,302	23,302
Pass-Through from University of Pennsylvania		5 R01 CA089202 03		(2,063)	(2,063)
Cancer Centers Support Grants	93.397		1,607,914	25,669,918	27,277,832
Pass-Through from Biomedical Development Corporation		1 R43 CA103378 01		25,606	25,606
Pass-Through from BioTex Inc		1 R43 CA101573 01		17,584	17,584
Pass-Through from Duke University		1P50CA1129501		46,874	46,874
Pass-Through from San Antonio Cancer Institute		880003		88	88
Pass-Through from University of California		2P50CA05820710		23,916	23,916
Cancer Research Manpower	93.398		219,206	6,576,591	6,795,797
Cancer Control	93.399		1,730,931	15,890,142	17,621,073
Pass-Through from Baylor College of Medicine		1R21 CA109961-01		27,700	27,700
Pass-Through from Baylor College of Medicine		5 R01 CA078480 08		50,074	50,074
Pass-Through from Baylor College of Medicine		5 R01 CA101211 03		132,116	132,116
Pass-Through from Baylor College of Medicine		5 U19 CA086809 04		(1,896)	(1,896)
Pass-Through from Baylor College of Medicine		5 U19 CA086809 05		47,790	47,790
Pass-Through from Baylor College of Medicine		5 U19 CA086809 06		51,639	51,639
Pass-Through from Baylor College of Medicine		5U01CA086117-05		37,981	37,981
Pass-Through from Baylor College of Medicine		970007		57,697	57,697
Pass-Through from Cancer Therapy & Research Center Research Foundation		880000		57,300	57,300
Pass-Through from Dartmouth Medical School		3 R01 CA059005 10 S1		(8,701)	(8,701)
Pass-Through from Dartmouth Medical School		5-30190.5745		9,442	9,442
Pass-Through from Johns Hopkins University		1 U01 CA084986 01		9,869	9,869
Pass-Through from Johns Hopkins University		5 U01 CA084986 05		422	422
Pass-Through from Johns Hopkins University		970020		49,162	49,162
Pass-Through from Memorial Sloan-Kettering Cancer Center		5 R01 CA90514 03		114,920	114,920
Pass-Through from Mount Sinai School of Medicine		R R01 CA 094006		48,013	48,013
Pass-Through from Mount Sinai School of Medicine		SM9150005B		60,954	60,954
Pass-Through from National Childhood Cancer Foundation		991561		51,666	51,666
Pass-Through from National Childhood Cancer Foundation		U10CA9586103		6,488	6,488
Pass-Through from National Surgical Adjuvant Breast and Bowel Project		5 U10 CA037377 21		495,935	495,935
Pass-Through from National Surgical Adjuvant Breast and Bowel Project		5 U10 CA037377 A1		41,057	41,057
Pass-Through from National Surgical Adjuvant Breast and Bowel Project		991058		134,880	134,880
Pass-Through from National Surgical Adjuvant Breast and Bowel Project		PFED21UTS01		21,747	21,747
Pass-Through from Rice University		5 U01 CA097431 03		74,866	74,866
Pass-Through from Southwest Oncology Group		5 U01 CA037429 19		(18,622)	(18,622)
Pass-Through from Southwest Oncology Group		5 U10 CA037429 20		191,520	191,520
Pass-Through from Southwest Oncology Group		5 U10 CA037429 21		270,970	270,970
Pass-Through from Southwest Oncology Group		5 U10 CA077178 07		7,490	7,490
Pass-Through from Southwest Oncology Group		5 U10 CA37429 17		258	258
Pass-Through from Southwest Oncology Group		742618443		1,867	1,867
Pass-Through from Southwest Oncology Group		880001		370,328	370,328
Pass-Through from Southwest Oncology Group		CA 37429-01		166,347	166,347
Pass-Through from Southwest Oncology Group		CA37429		28,508	28,508
Pass-Through from Trustees of Dartmouth College		5 R01 CA098286 02		310,287	310,287
Pass-Through from University of Chicago		5U10CA37447		19,583	19,583
Pass-Through from University of Michigan		5 U01 CA086400 05		152,806	152,806
Pass-Through from Washington University		5 R01 CA085920 01		24,812	24,812
Temporary Assistance for Needy Families	93.558			283,013	283,013

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from National Collegiate Athletic Association		NYSP 04-1		65,887	65,887
Pass-Through from National Youth Sports Corporation		G72140		(9,347)	(9,347)
Refugee and Entrant Assistance—Discretionary Grants	93.576			75,481	75,481
Pass-Through from Texas Council on Family Violence		UTA05-429		39,029	39,029
Pass-Through from Texas Council for Development Disabilities		DD-03154		16,921	16,921
Developmental Disabilities Projects of National Significance	93.631			3,498	3,498
University Centers for Excellence in Developmental Disabilities Education, Research and Service	93.632		32,500	431,071	463,571
Social Services Research and Demonstration	93.647			225,997	225,997
Pass-Through from National Council on Family Relations		1354-44-B782		121,297	121,297
Pass-Through from University of Chicago		29466		30,656	30,656
Foster Care—Title IV-E	93.658		10,242	1,972,555	1,982,797
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779			(8,038)	(8,038)
State Pharmaceutical Assistance Programs	93.786			61,507	61,507
Biomedical Research and Research Training	93.821		46,068	2,344,523	2,390,591
Pass-Through from Baylor College of Medicine		4600592817		20,805	20,805
Health Careers Opportunity Program	93.822		41,018	757,019	798,037
Basic/Core Area Health Education Centers	93.824			3,111	3,111
Heart and Vascular Diseases Research	93.837		1,589,496	41,342,916	42,932,412
Pass-Through from Barlow Scientific Inc		03LM020054FN		25,802	25,802
Pass-Through from Baylor College of Medicine		4600411746		368,979	368,979
Pass-Through from Baylor College of Medicine		5 R01 HL068884 05		120,886	120,886
Pass-Through from Baylor College of Medicine		5P01HL04995312		517,888	517,888
Pass-Through from Baylor College of Medicine		N01HC55016		97,015	97,015
Pass-Through from Baylor College of Medicine		R01HL69397		49,121	49,121
Pass-Through from CardioFocus Inc		R44HL5439702		(388)	(388)
Pass-Through from Dartmouth College		990753		2,683	2,683
Pass-Through from Dartmouth College		R01 HL70247		13,050	13,050
Pass-Through from Duke Clinical Research Institute		1R01HL6769101		16,155	16,155
Pass-Through from Duke University		02-SC-NIH-1013		59,088	59,088
Pass-Through from Duke University		1U01HL06901501		567	567
Pass-Through from Duke University		SCD-HEFT		1,444	1,444
Pass-Through from George Washington University		05LM050025NNL		41,037	41,037
Pass-Through from Johns Hopkins University		1R01 HL078479		13,691	13,691
Pass-Through from Loyola University of Chicago		5R01HL0578327		107,071	107,071
Pass-Through from Mayo Foundation		1R01 HL074735		309,424	309,424
Pass-Through from Mayo Foundation		5R01HL53330		227,083	227,083
Pass-Through from MedArray Inc		2R44HL68375		42,439	42,439
Pass-Through from Medical College of Ohio		1U01HL71556001A1		888	888
Pass-Through from Medical College of Wisconsin		5R37HL07431403		77,054	77,054
Pass-Through from New England Research Inc		5U01HL6827004		59,214	59,214
Pass-Through from New York Medical College		5P01HL3430020		78,146	78,146
Pass-Through from Ohio State University Research Foundation		05LM050030FNL		53,155	53,155
Pass-Through from Quasar		1R43HL07808001		8,426	8,426
Pass-Through from Roosevelt Institute		R01HL6250901A1		3,669	3,669
Pass-Through from Southwest Foundation for Biomedical Research		870000		12,729	12,729
Pass-Through from Southwest Foundation for Biomedical Research		970008		147,270	147,270
Pass-Through from Tufts New England Medical		1U01HL07782101		137,630	137,630
Pass-Through from Tulane University		U1HL72507A		542,007	542,007
Pass-Through from University of Alabama		7U01HL072524		440,686	440,686
Pass-Through from University of Cincinnati		991732		35,299	35,299
Pass-Through from University of Michigan		R01 HL39107		496,755	496,755
Pass-Through from University of Michigan		R01HL68737		37,539	37,539

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from University of Minnesota		991881		82,780	82,780
Pass-Through from University of Minnesota		R01HL063082		(4,213)	(4,213)
Pass-Through from University of Minnesota		R01HL72524		8,686	8,686
Pass-Through from University of Mississippi		R01HL70825		40,653	40,653
Pass-Through from University of Pittsburgh		5U01HL61744		83,881	83,881
Pass-Through from University of Washington		5R01HL71017		104,817	104,817
Pass-Through from University of Washington		R01HL6562201		36,038	36,038
Lung Diseases Research	93.838		2,092,739	10,210,860	12,303,599
Pass-Through from Baylor College of Medicine		R01HL64934		(306)	(306)
Pass-Through from Compact Membrane Systems Inc		2R44 HL064528		86,018	86,018
Pass-Through from Henry Ford Health Care System		R01HL68971		6,744	6,744
Pass-Through from Medical College of Wisconsin		5R01HL06862703		69,790	69,790
Pass-Through from Michigan Critical Care		A-AVC02R		111,896	111,896
Pass-Through from Michigan Critical Care		OPERUNIT-56262		132,920	132,920
Pass-Through from Michigan Critical Care		ZWIS JB 02 S1		2,274	2,274
Pass-Through from Southwest Foundation for Biomedical Research		870000		(1,388)	(1,388)
Pass-Through from University of California San Francisco		991683		101,110	101,110
Pass-Through from University of Colorado Health Science Center		84-60000555		1,265	1,265
Pass-Through from University of Mexico		5R01HL06454805		42	42
Blood Diseases and Resources Research	93.839		609,232	4,422,297	5,031,529
Pass-Through from Albert Einstein College of Medicine		9-526-5152		49,207	49,207
Pass-Through from Baylor College of Medicine		R01HL65096		5,224	5,224
Pass-Through from Northwestern University		5R01HL6971702		218	218
Pass-Through from Stanford University		1R01 HL079381		172,756	172,756
Pass-Through from University of Alabama Birmingham		N01 HC95095		86,827	86,827
Pass-Through from University of Michigan		F008503		81,030	81,030
Pass-Through from University of Nevada Reno		502963		125,779	125,779
Pass-Through from University of Oklahoma		5U01HL07228303	24,992	35,493	60,485
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		1,760,358	11,172,846	12,933,204
Pass-Through from Baylor College of Medicine		N01 AR044864		20,232	20,232
Pass-Through from Biomedical Development Corporation		1R41AR051618		10,195	10,195
Pass-Through from Biomedical Development Corporation		1R43AR049972		7,336	7,336
Pass-Through from Biomedical Development Corporation		970001		89	89
Pass-Through from Biomedical Development Corporation		990078		1,990	1,990
Pass-Through from Cedars-Sinai Medical Center		1R01AR48465		67,425	67,425
Pass-Through from Duke University		N01 AI05419		15,506	15,506
Pass-Through from Hospital for Joint Diseases Orthopaedic Institute		U01AR42540		1,353	1,353
Pass-Through from Jackson Laboratory		991524		144,460	144,460
Pass-Through from Martinus Van Breems Inc		4 R44 AR48029-03		77,543	77,543
Pass-Through from North Shore-Long Island Jewish Research Institute		5 R01 AR044422 08		77,423	77,423
Pass-Through from University of Alabama Birmingham		1P01AR49084		75,777	75,777
Pass-Through from University of Alabama Birmingham		5R01AR42503		11,575	11,575
Pass-Through from University of Connecticut Health Center		991851		50,399	50,399
Pass-Through from University of Maryland Baltimore County		990682		39,928	39,928
Pass-Through from University of Minnesota		5R01 AR48529		494	494
Pass-Through from University of Missouri Kansas City		970042		212,243	212,243
Pass-Through from University of Tennessee		N01AR92242		23,481	23,481
Diabetes, Endocrinology and Metabolism Research	93.847		907,427	17,047,412	17,954,839
Pass-Through from Agennix Inc		2R42DK55374		1,622	1,622
Pass-Through from AVI Bio Pharma Inc		R41 DK067706-01		47,575	47,575

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from Baylor College of Medicine		5U01DK61230		38,044	38,044
Pass-Through from Baylor College of Medicine		5U19DK6243403		201,229	201,229
Pass-Through from Case Western Reserve University		N01DK62203		(318)	(318)
Pass-Through from George Washington University		233012CCLS20127A		47	47
Pass-Through from George Washington University		991106	549,067	843,304	1,392,371
Pass-Through from Marquette University		5R01DK035153		2,416	2,416
Pass-Through from Omniguide Communications		UTA04-125		6,209	6,209
Pass-Through from PLx Pharma Inc		2R42DK063882		186,761	186,761
Pass-Through from University of Chicago		998184	3,978	5,449	9,427
Pass-Through from University of Chicago		R01 DK58026		13,156	13,156
Pass-Through from University of Pennsylvania		3U01DK05694706S1		44,911	44,911
Pass-Through from Vanderbilt University		5U19DK04250215		115,222	115,222
Digestive Diseases and Nutrition Research	93.848		352,018	10,681,516	11,033,534
Pass-Through from Baylor College of Medicine		1P30DK56338		47,498	47,498
Pass-Through from Baylor College of Medicine		4600528741DK56338		41,069	41,069
Pass-Through from Baylor College of Medicine		4600649460		6,260	6,260
Pass-Through from Baylor College of Medicine		4600649519		6,752	6,752
Pass-Through from Baylor College of Medicine		4600657017		54,527	54,527
Pass-Through from Kaiser Foundation Research Institute		1 R01 DK07553		24,904	24,904
Pass-Through from Mayo Clinic Rochester		1P01DK06805501		65,034	65,034
Pass-Through from Medical College of Georgia		05-11514B		15,351	15,351
Pass-Through from Natural Therapeutics Inc		R43DK52740		209	209
Pass-Through from Southwest Foundation for Biomedical Research		870000		5,081	5,081
Pass-Through from University of Virginia		GC10675117899		(8)	(8)
Kidney Diseases, Urology and Hematology Research	93.849		79,856	14,034,053	14,113,909
Pass-Through from Cornell University		5R01DK5944304		10	10
Pass-Through from Duke University		5R01DK5826605		38,713	38,713
Pass-Through from Northwestern University		0600 370 P509 280		29,078	29,078
Pass-Through from The Research Foundation of SUNY		991834		20	20
Pass-Through from University of Miami		DPT1		52	52
Pass-Through from University of Oklahoma Health Science Center		5 R01 DK066102		51,699	51,699
Pass-Through from Vanderbilt University		2P01DK03822618A1		341,700	341,700
Pass-Through from Yale University		2P50DK5732806		181,942	181,942
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		5,099,662	34,443,097	39,542,759
Pass-Through from Ala Science Instrumental		1 R41NS046182		6,367	6,367
Pass-Through from Baylor College of Medicine		5R01NS0188922		26,976	26,976
Pass-Through from Baylor College of Medicine		5R01NS021889		42,452	42,452
Pass-Through from Baylor College of Medicine		R01 NS42772		34,029	34,029
Pass-Through from Bowman Gray School of Medicine		R01NS22611		16,191	16,191
Pass-Through from Brandeis University		1R01NS050944		88,067	88,067
Pass-Through from Case Western Reserve University		1R01NS4280901		27,359	27,359
Pass-Through from Columbia University		5R01NS04529402		4,753	4,753
Pass-Through from Columbia University		991740		3,848	3,848
Pass-Through from Emory University		5R01NS366434		3,313	3,313
Pass-Through from Emory University		NS36643		4,239	4,239
Pass-Through from Hawaii Biotech Inc		9R44NS052139-02A1		66,785	66,785
Pass-Through from Henry Ford Hospital		UTA04-156		213,221	213,221
Pass-Through from Johns Hopkins University		5R01 NS050028		6,709	6,709
Pass-Through from Loyola University of Chicago		LU1760		10,776	10,776
Pass-Through from Mayo Clinic		5 R01 NSO49720 02		102,800	102,800
Pass-Through from Mayo Foundation		R01NS41558		103,501	103,501
Pass-Through from MCP Hahnemann University		UTA02-335		26,117	26,117
Pass-Through from Microfab Technologies Inc		UTA04-018		4,498	4,498

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from Mount Sinai Medical Center		1R01 NS045719		328,337	328,337
Pass-Through from Northwestern University		0600 370 S366 795		174,860	174,860
Pass-Through from Oregon Health Science University		04AP030069NHN		59,139	59,139
Pass-Through from Presbyterian/St. Luke's Medical Center		5R01NS3343005		13,620	13,620
Pass-Through from Rhode Island Hospital		1R01NS39131		260	260
Pass-Through from Rhode Island Hospital		5R01NS039131		4	4
Pass-Through from Southwest Foundation for Biomedical Research		870000		95,748	95,748
Pass-Through from Thomas Jefferson University		5R01NS04277705		93,555	93,555
Pass-Through from University of Arkansas		5R01NS4286002		79,308	79,308
Pass-Through from University of Cincinnati		R01 NS39312		24,145	24,145
Pass-Through from University of Cincinnati		R01NS39160		12,176	12,176
Pass-Through from University of Iowa		1R01NS38554		2,152	2,152
Pass-Through from University of Iowa		970014		20,370	20,370
Pass-Through from University of Medicine and Dentistry of New Jersey		1R01NS05273301		15,752	15,752
Pass-Through from University of Medicine and Dentistry of New Jersey		5R01 NS38384		3,148	3,148
Pass-Through from University of Michigan		5R01 NS38916		39,344	39,344
Pass-Through from University of Michigan		F011315		26,050	26,050
Pass-Through from University of Pittsburgh		109097-1		92,254	92,254
Pass-Through from University of South Florida		04LM020034F2		64,968	64,968
Pass-Through from University of Virginia		GC10579-120182		35,910	35,910
Pass-Through from Wake Forest University		NS34447		13,270	13,270
Pass-Through from Washington University		N01 HD2-3343		31,626	31,626
Pass-Through from Washington University St. Louis		991574		2,419	2,419
Pass-Through from Washington University St. Louis		WU0304		48,802	48,802
Pass-Through from Yale University		1R01NS04487601A2		1,118	1,118
Biological Basis Research in Neurosciences	93.854		(23,254)	995,361	972,107
Pass-Through from University of Maryland		R01NS3858501A1		1,575	1,575
Allergy, Immunology and Transplantation Research	93.855		286,340	14,655,833	14,942,173
Pass-Through from Baylor College of Medicine		N01 AI-25465		189,374	189,374
Pass-Through from Baylor Research Institute		U19AI05723403	56,603	157,136	213,739
Pass-Through from Emory University		1R21AI05423402		44,165	44,165
Pass-Through from Fred Hutchinson Cancer Research Center		5U24AI49213		12,208	12,208
Pass-Through from PharmaReview Corporation		2R42AI051050		10,735	10,735
Pass-Through from Resuscitation Solutions		1R43A!58393-01-A1		9,211	9,211
Pass-Through from University of Colorado		970009		3,339	3,339
Pass-Through from University of Illinois		503168		3,952	3,952
Microbiology and Infectious Diseases Research	93.856		6,517,802	57,149,645	63,667,447
Pass-Through from Adults Aids Clinic		204BC010		145,527	145,527
Pass-Through from Albert Einstein College of Medicine		502798		(4,697)	(4,697)
Pass-Through from Albert Einstein College of Medicine		503025		146,229	146,229
Pass-Through from Albert Einstein College of Medicine		503240		251	251
Pass-Through from Albert Einstein College of Medicine		9-526-5435		104,990	104,990
Pass-Through from Baylor College of Medicine		4600629622		6,205	6,205
Pass-Through from Baylor College of Medicine		5 U01 AI041089 08		63,337	63,337
Pass-Through from Baylor College of Medicine		5R01 AI41735		104,236	104,236
Pass-Through from Baylor College of Medicine		N01 AI 25465		69,220	69,220
Pass-Through from Baylor College of Medicine		P30AI36211		52,983	52,983
Pass-Through from Baylor College of Medicine		R01AI47341		22,274	22,274
Pass-Through from BioDelivery Sciences International Inc		1 R43 A151905 01		(71,071)	(71,071)
Pass-Through from Biomedical Development Corporation		970001		50,659	50,659
Pass-Through from BioTex Inc		502691		5,829	5,829
Pass-Through from Case Western Reserve University		5000003580		85,887	85,887
Pass-Through from DOR Biopharma Inc		UC1AI657001		250,621	250,621

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from Drexel University		232165		50,527	50,527
Pass-Through from Drexel University		232192		64,949	64,949
Pass-Through from Duke University		5U54AI05715702		19,901	19,901
Pass-Through from Dynavax Technologies		5U01A156559		170,529	170,529
Pass-Through from Harvard University		5U54AI05715902		19,941	19,941
Pass-Through from Hawaii Biotech Inc		1R43A155225		10,785	10,785
Pass-Through from Health Resources Inc		5U54AI05715802		19,955	19,955
Pass-Through from Institute for Genomic Research		1 R21 AI052236 01		(17,328)	(17,328)
Pass-Through from Louisiana State University Health Sciences Center		5U19A1061972		176,016	176,016
Pass-Through from Lynntech Inc		502916		49,991	49,991
Pass-Through from Macrogenics Inc		U54-A157156		40,983	40,983
Pass-Through from Massachusetts General Hospital		UTA03-094		14,140	14,140
Pass-Through from Social and Scientific Systems Inc		204VC010		85,999	85,999
Pass-Through from Social and Scientific Systems Inc		991775		26,243	26,243
Pass-Through from Social and Scientific Systems Inc		AACTG.27.5170.01		16,083	16,083
Pass-Through from Social and Scientific Systems Inc		U01AI46362		348,108	348,108
Pass-Through from Starpharma Pty Limited		1U19A160598		122,622	122,622
Pass-Through from University of Alabama Birmingham		N01 AI-30025		12,904	12,904
Pass-Through from University of California San Francisco		R008163-01		42,002	42,002
Pass-Through from University of Chicago		5U54AI05715302		19,941	19,941
Pass-Through from University of Manitoba		OPERUNIT-57994		75,081	75,081
Pass-Through from University of Maryland		5U54AI05716802		19,935	19,935
Pass-Through from University of Minnesota		1U01 AI46957		320,774	320,774
Pass-Through from University of Washington		5U54AI05716002		39,876	39,876
Pass-Through from Virginia Commonwealth University		524892 / P584012		74,784	74,784
Pharmacology, Physiology, and Biological Chemistry Research	93.859		7,998,511	62,414,398	70,412,909
Pass-Through from Ambion Inc		UTA05-005		75,329	75,329
Pass-Through from Atactic Technologies Inc		1 R42 GM067364-01-UH		165	165
Pass-Through from Atactic Technologies Inc		4 R42 GM067364-02-UH		164,745	164,745
Pass-Through from Baylor College of Medicine		4600670598		113,030	113,030
Pass-Through from Delsite Biotechnologies Inc		503133		89,388	89,388
Pass-Through from Harvard Medical School		UTA02-321 / 2 R01 GM55090-05		204,798	204,798
Pass-Through from Inverseon Inc		G089102		16,884	16,884
Pass-Through from Inverseon Inc		G089103		26,067	26,067
Pass-Through from Massachusetts General Hospital		1U54GM62119		163,782	163,782
Pass-Through from Massachusetts General Hospital		5U54GM06211904		272,442	272,442
Pass-Through from Massachusetts General Hospital		5U54GM62119		86,453	86,453
Pass-Through from New Mexico State University		V433302		2,740	2,740
Pass-Through from Panomics Inc		1 R41 GM068996 01		2,173	2,173
Pass-Through from Scripps Research Institute		5-73742		20,064	20,064
Pass-Through from Software Techniques Inc		R41NR0084878		25,208	25,208
Pass-Through from The Scripps Research Institute		5-73597		66,415	66,415
Pass-Through from University of California		3816SC		308,410	308,410
Pass-Through from University of California		GM064692		176,321	176,321
Pass-Through from University of California Lawrence Berkeley National Laboratory		6511788		339,724	339,724
Pass-Through from University of California San Diego		5U54GM06933803		394,912	394,912
Pass-Through from University of Chicago		5 U01 GM061393 05		(5,776)	(5,776)
Pass-Through from University of Idaho		ABK123-02A		43,065	43,065
Pass-Through from University of Michigan		P50GM65509		2,120,289	2,120,289
Pass-Through from University of North Carolina		5-30883		8,535	8,535
Pass-Through from University of the Incarnate Word		2S06GM55337-05		19,193	19,193

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from Washington University		502672		35,225	35,225
Pass-Through from Yale University		5P01GM06631103		379,498	379,498
Genetics and Development Biology Research and Research Training	93.862			1,946,248	1,946,248
Pass-Through from Duke University		DS763		111,640	111,640
Population Research	93.864		73,464	2,384,657	2,458,121
Pass-Through from Johns Hopkins University		8408-53718		106,147	106,147
Child Health and Human Development Extramural Research	93.865		3,429,838	25,342,446	28,772,284
Pass-Through from Baylor College of Medicine		5 U01 HD039372 03		11	11
Pass-Through from Baylor College of Medicine		5 U01 HD039372 04		85,617	85,617
Pass-Through from Baylor College of Medicine		5 U01 HD039372 05		51,027	51,027
Pass-Through from Baylor College of Medicine		5R01HD04394302		39,366	39,366
Pass-Through from Boston University Children's Hospital		2U10HD02906710		47,823	47,823
Pass-Through from Center for Applied Linguistics		1P01 HD39530		50,721	50,721
Pass-Through from Children's Hospital of Los Angeles		5R01HD41224		11,844	11,844
Pass-Through from Florida State University		R01HD30988		496	496
Pass-Through from Innovaciones PSIC		R44HD3695002		5,222	5,222
Pass-Through from Northwestern University		0980 520 W297 975		21,753	21,753
Pass-Through from Southwest Foundation for Biomedical Research		870000		249,605	249,605
Pass-Through from Southwest Foundation for Biomedical Research		970008		108,058	108,058
Pass-Through from Southwestern Foundation for Biomedical		R01HD41111		13,050	13,050
Pass-Through from University of Alabama		5 U01 HD039939-04		110,842	110,842
Pass-Through from University of Alabama		U10HD27869-14		17,950	17,950
Pass-Through from University of Alabama Birmingham		5U01HD03993904		47,629	47,629
Pass-Through from University of Alabama Birmingham		U01 HD039939		2,840	2,840
Pass-Through from University of Arkansas		UTA05-443		10,300	10,300
Pass-Through from University of California San Francisco		5K12HD000849		133,292	133,292
Pass-Through from University of Florida		330536812-01 UFPS0021		78,826	78,826
Pass-Through from University of Kansas		2000-040 M6		17,864	17,864
Pass-Through from University of Michigan		F012447		23,908	23,908
Pass-Through from University of North Carolina		UNC-CH 5-52423		66,103	66,103
Pass-Through from University of North Carolina Chapel Hill		5-52424		38,238	38,238
Pass-Through from University of Notre Dame		5R01HD044868		400,673	400,673
Pass-Through from University of Pennsylvania		5-44511-C		15,694	15,694
Pass-Through from University of Utah		1K12HD04734901		49,949	49,949
Pass-Through from University of Washington		5R24HD36962904		104,354	104,354
Pass-Through from Yale University		5P50HD25802		73,301	73,301
Pass-Through from Yale University		5R01HD046171		8,810	8,810
Pass-Through from Yale University		A05694		1,326	1,326
Aging Research	93.866		3,091,913	25,665,866	28,757,779
Pass-Through from Baylor College of Medicine		5 P01 NS38660-0		8,157	8,157
Pass-Through from Innovative Health Solutions		1 R41 AG022247-01A1		22,069	22,069
Pass-Through from Mount Sinai School of Medicine		970005		33,573	33,573
Pass-Through from Mount Sinai School of Medicine		UTA05-495		130,480	130,480
Pass-Through from Nanospectra Biosciences Inc		1 R41 AG025586-01		59,042	59,042
Pass-Through from Pennsylvania State University		991739		89,685	89,685
Pass-Through from Purdue University		991777		33,593	33,593
Pass-Through from Rand Corporation		9920050073		17,727	17,727
Pass-Through from University of Arkansas		1 P01 AG023591-01		202,875	202,875
Pass-Through from University of Arkansas		1 P01 AG023591-02		188,234	188,234
Pass-Through from University of Arkansas		ARIA 13431-02		104,965	104,965
Pass-Through from University of California Davis		502692		843	843

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Pass-Through from University of California San Diego		P010045848		63,446	63,446
Pass-Through from University of Colorado		970009		8,278	8,278
Pass-Through from University of Maryland		P60AG12583		369	369
Pass-Through from University of Michigan		1R01AG02239401		11,351	11,351
Pass-Through from University of Michigan		998204		216,825	216,825
Pass-Through from University of Rochester		5R01AG2008602		19,390	19,390
Pass-Through from University of Washington		5U01AG01697606		44,881	44,881
Pass-Through from Wake Forest University		P 30 AG21332		38,415	38,415
Vision Research	93.867		259,415	15,599,892	15,859,307
Pass-Through from JAEB Center for Health Research		U10 EY14231		5,832	5,832
Pass-Through from Johns Hopkins University		200013		297	297
Pass-Through from Johns Hopkins University		LSOCA-96195		215,188	215,188
Pass-Through from Kestrel Corporation		1R41EY01627801		8,089	8,089
Pass-Through from Kestrel Corporation		2R44EY12590-02		74	74
Pass-Through from Ohio State University Research Foundation		744479		60	60
Pass-Through from Ohio State University Research Foundation		747086		217,919	217,919
Pass-Through from Ohio State University Research Foundation		G091675		12,790	12,790
Pass-Through from Oregon Health Science University		1R01EY13139		12,942	12,942
Pass-Through from Oregon Health Science University		2U1OEY05874		(1,059)	(1,059)
Pass-Through from Retina Foundation of the Southwest		R01 EY05235		58,469	58,469
Pass-Through from Somatocor Pharmaceuticals		1 R41 EY014282-01		35,646	35,646
Pass-Through from University of Louisville Research Foundation Inc		991750		61,224	61,224
Pass-Through from University of Pennsylvania		5 U10 EY006266 19		166	166
Pass-Through from University of Rochester		412274-G		78,658	78,658
Medical Library Assistance	93.879			298,977	298,977
Pass-Through from Columbia University		1R01 LM7894		141,247	141,247
Pass-Through from Rice University		OPERUNIT-59047		981	981
Pass-Through from Rice University		R2077273900003		(425)	(425)
Pass-Through from Rice University		R20772-73900003		57,764	57,764
Pass-Through from University of Massachusetts		5G13LM00766603		12,033	12,033
Minority Access to Research Careers	93.880			24,984	24,984
Grants for Training in Primary Care Medicine and Dentistry	93.884			1,329,954	1,329,954
Physician Assistant Training in Primary Care	93.886			(56)	(56)
Health Care and Other Facilities	93.887		449,200	4,630,600	5,079,800
Specially Selected Health Projects	93.888			90,218	90,218
Resource and Manpower Development in the Environmental Health Sciences	93.894			3,485,764	3,485,764
Pass-Through from Central State University Ohio		600910, 604700		222,550	222,550
Rural Health Care Services Outreach and Rural Health Network Development Program	93.912			2,033	2,033
HIV Care Formula Grants	93.917			231,103	231,103
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919		22,993	164,826	187,819
Ryan White HIV/AIDS Dental Reimbursements\Community Based Dental Partnership	93.924			2,339	2,339
Pass-Through from Centro De Salud Familiar La Fe Inc		1H97HA0018		39,892	39,892
Center for Medical Rehabilitation Research	93.929			658,994	658,994
Pass-Through from University of Michigan		F009470		37,871	37,871
Fogarty International Research Collaboration Award	93.934		(931)	(556)	(1,487)
HIV Prevention Activities—Health Department Based	93.940			506,087	506,087
HIV Demonstration, Research, Public and Professional Education Projects	93.941			258,788	258,788
Pass-Through from Westat Inc		200-2004-09976		6,398	6,398

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943			47,858	47,858
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944			1,553,541	1,553,541
Assistance Programs for Chronic Disease Prevention and	93.945			43,464	43,464
Tuberculosis Demonstration, Research, Public and Professional Education	93.947			479,629	479,629
Block Grants for Prevention and Treatment of Substance Abuse	93.959			442,662	442,662
Pass-Through from Covance Research Products Inc		277-01-6059		12,566	12,566
Health Administration Traineeships Program	93.962			22,632	22,632
Geriatric Education Centers	93.969			206,996	206,996
Pass-Through from Baylor College of Medicine		4600171106		3,582	3,582
Pass-Through from Baylor College of Medicine		5D31HP70112-02		1,962	1,962
Preventive Health Services—Sexually Transmitted Diseases Control Grants	93.977		52,795	265,209	318,004
Preventive Health Services—Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants	93.978		9,720	726,696	736,416
Pass-Through from The Medication Institute		MI-CDC-MEDIA 2003-0701		4,511	4,511
Academic Administrative Units in Primary Care	93.984			119,868	119,868
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988			254	254
International Research and Research Training	93.989		9,131	214,427	223,558
Pass-Through from Southern Research Institute		1R01TWO6986-01 S04-006		108,669	108,669
Pass-Through from University of California San Diego		1R01TWO5860-01		49,935	49,935
Maternal and Child Health Services Block Grant to the States	93.994			399,344	399,344
Pass-Through from Arlington Independent School District		02-315 & 26390255		4,868	4,868
Bioterrorism Training and Curriculum Development Program	93.996			688,710	688,710
Total - U.S. Department of Health and Human Services			58,438,103	722,943,303	781,381,406
Corporation for National and Community Service					
Corporation for National and Community Service	94.XXX	98015568 11697-0-2000		31,993	31,993
		H129B040027		137,034	137,034
Retired and Senior Volunteer Program	94.002			60,423	60,423
AmeriCorps	94.006			(242,620)	(242,620)
Pass-Through from OneStar Foundation		ACC6112511		386,514	386,514
Pass-Through from Texas Commission on Volunteerism and Community Service		140ACC0071		(86)	(86)
Total - Corporation for National and Community Service			0	373,258	373,258
Social Security Administration					
Social Security Administration	96.XXX				
Pass-Through from University of Michigan		M05		69,400	69,400
Total - Social Security Administration			0	69,400	69,400

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster 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)					
Department of Homeland Security					
Department of Homeland Security	97.XXX	HSTS02-04-C-MLS006		52,055	52,055
Pass-Through from Bioelectrospec Inc		UTA04-352		9,240	9,240
Pass-Through from Department of Homeland Security		HSHQDC-05-P-00018		237,392	237,392
Pass-Through from Echo Technical		E95		7,292	7,292
Research Projects	97.002			8,336	8,336
State Domestic Preparedness Equipment Support Program	97.004			315,115	315,115
Secret Service - Training Activities	97.015			5,698	5,698
Federal Assistance to Individuals and Households-Disaster Housing Operations	97.049			121,504	121,504
Total - Department of Homeland Security			0	756,632	756,632
United States Agency for International Development					
USAID Foreign Assistance for Programs Overseas	98.001				
Pass-Through from Agrilogic Inc		502887		80,184	80,184
Pass-Through from Agrilogic Inc		503011		18,055	18,055
Pass-Through from International Institute of Tropical Agriculture		LAG/00/93/00042		7,819	7,819
Pass-Through from Intsormil		503153		5,459	5,459
Pass-Through from Mercy Corps Mongolia		502932		17,234	17,234
Pass-Through from Oregon State University		RD009J-A	9,120	26,691	35,811
Pass-Through from Association Liaison Office for University Cooperation in Development		HNE-00-97-00059-00	3,864	78,441	82,305
USAID Development Partnerships for University Cooperation and Development	98.012			(3,098)	(3,098)
Pass-Through from U.S. Israeli-Bard		503005		42,365	42,365
Total - United States Agency for International Development			12,984	273,150	286,134
Total Research and Development Cluster			90,537,351	1,221,068,909	1,311,606,260
STUDENT FINANCIAL ASSISTANCE CLUSTER					
U.S. Department of Education					
Federal Supplemental Educational Opportunity Grants	84.007			21,210,293	21,210,293
Federal Family Education Loans					
Loans Disbursed	84.032		1,726,622	1,633,559,968	1,635,286,590
Interest Subsidy on Student Loans	84.032			262,965	262,965
Federal Work-Study Program	84.033			21,489,836	21,489,836
Federal Perkins Loan Program	84.038			31,081,866	31,081,866
Federal Pell Grant Program	84.063			415,246,687	415,246,687
Federal Direct Student Loans (Direct Loans)	84.268			132,846,231	132,846,231
Total - U.S. Department of Education			1,726,622	2,255,697,846	2,257,424,468
U.S. Department of Health and Human Services					
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342			2,777,214	2,777,214
Nursing Student Loans	93.364			546,568	546,568
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925			2,335,980	2,335,980
Total - U.S. Department of Health and Human Services			0	5,659,762	5,659,762
Total Student Financial Assistance Cluster			1,726,622	2,261,357,608	2,263,084,230

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
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			17,791,486	17,791,486
Pass-Through from Area Agency on Aging		458220	13,133	22,541	35,674
Special Programs for the Aging—Title III, Part C—Nutrition Services	93.045			26,918,864	26,918,864
Nutrition Services Incentive Program	93.053			7,765,209	7,765,209
Total - U.S. Department of Health and Human Services			13,133	52,498,100	52,511,233
Total Aging Cluster			13,133	52,498,100	52,511,233
CDBG - ENTITLEMENT AND (HUD-ADMINISTERED) SMALL CITIES PROGRAM					
U.S. Department of Housing and Urban Development					
Community Development Block Grants/Entitlement Grants	14.218			2,221	2,221
Total - U.S. Department of Housing and Urban Development			0	2,221	2,221
Total CDBG - Entitlement and (HUD-Administered) Small Cities Program Cluster			0	2,221	2,221
CHILD CARE CLUSTER					
U.S. Department of Health and Human Services					
Child Care and Development Block Grant	93.575		168,913,115	37,505,795	206,418,910
Pass-Through from Southeast Texas Workforce Development Board		WDB-1042		112,875	112,875
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		189,722,507	187,497	189,910,004
Total - U.S. Department of Health and Human Services			358,635,622	37,806,167	396,441,789
Total Child Care Cluster			358,635,622	37,806,167	396,441,789
CHILD NUTRITION CLUSTER					
U.S. Department of Agriculture					
School Breakfast Program	10.553		261,937,577	2,604,847	264,542,424
National School Lunch Program	10.555		785,425,620	4,078,685	789,504,305
Special Milk Program for Children	10.556		96,883		96,883
Summer Food Service Program for Children	10.559			31,048,881	31,048,881
Pass-Through from Gibbs TDHS Summer Food		G72059		16,832	16,832
Total - U.S. Department of Agriculture			1,047,460,080	37,749,245	1,085,209,325
Total Child Nutrition Cluster			1,047,460,080	37,749,245	1,085,209,325
DISABILITY INSURANCE/SSI CLUSTER					
Social Security Administration					
Social Security—Disability Insurance	96.001			115,554,644	115,554,644
Total - Social Security Administration			0	115,554,644	115,554,644
Total Disability Insurance/SSI Cluster			0	115,554,644	115,554,644

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
EMERGENCY FOOD ASSISTANCE CLUSTER					
U.S. Department of Agriculture					
Emergency Food Assistance Program (Administrative Costs)	10.568			6,084,186	6,084,186
Emergency Food Assistance Program (Food Commodities)	10.569		23,725,242		23,725,242
Total - U.S. Department of Agriculture			23,725,242	6,084,186	29,809,428
Total Emergency Food Assistance Cluster			23,725,242	6,084,186	29,809,428
EMPLOYMENT SERVICE CLUSTER					
U.S. Department of Labor					
Employment Service	17.207		11,687,399	37,489,466	49,176,865
Disabled Veterans' Outreach Program (DVOP)	17.801		911,882	4,041,303	4,953,185
Local Veterans' Employment Representative Program	17.804		971,999	5,480,519	6,452,518
Total - U.S. Department of Labor			13,571,280	47,011,288	60,582,568
Total Employment Service Cluster			13,571,280	47,011,288	60,582,568
FEDERAL TRANSIT CLUSTER					
U.S. Department of Transportation					
Federal Transit—Formula Grants	20.507		1,787,317	257,684	2,045,001
Pass-Through from City of Lubbock		TX-90-X491		1,142,908	1,142,908
Total - U.S. Department of Transportation			1,787,317	1,400,592	3,187,909
Total Federal Transit Cluster			1,787,317	1,400,592	3,187,909
FISH AND WILDLIFE CLUSTER					
U.S. Department of the Interior					
Sport Fish Restoration	15.605			11,693,195	11,693,195
Wildlife Restoration	15.611			7,479,718	7,479,718
Pass-Through from Kansas Department of Wildlife and Parks		1351-44-A763		9,723	9,723
Pass-Through from Kansas Department of Wildlife and Parks		1351-44-B594		12,352	12,352
Total - U.S. Department of the Interior			0	19,194,988	19,194,988
Total Fish and Wildlife Cluster			0	19,194,988	19,194,988
FOOD STAMP CLUSTER					
U.S. Department of Agriculture					
Food Stamps	10.551			2,606,356,756	2,606,356,756
State Administrative Matching Grants for Food Stamp Program	10.561		11,786,813	110,082,093	121,868,906
Total - U.S. Department of Agriculture			11,786,813	2,716,438,849	2,728,225,662
Total Food Stamp Cluster			11,786,813	2,716,438,849	2,728,225,662

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
FOSTER GRANDPARENT/SENIOR COMPANION CLUSTER					
Corporation for National and Community Service					
Foster Grandparent Program	94.011			2,044,036	2,044,036
Total - Corporation for National and Community Service			0	2,044,036	2,044,036
Total Foster Grandparent/Senior Companion Cluster			0	2,044,036	2,044,036
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER					
U.S. Department of Transportation					
Highway Planning and Construction	20.205		61,821,368	3,191,489,865	3,253,311,233
Total - U.S. Department of Transportation			61,821,368	3,191,489,865	3,253,311,233
Total Highway Planning and Construction Cluster			61,821,368	3,191,489,865	3,253,311,233
HIGHWAY SAFETY CLUSTER					
U.S. Department of Transportation					
State and Community Highway Safety	20.600		8,476,538	3,860,450	12,336,988
Pass-Through from Brazos County		589XXF5013		1,256	1,256
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601			180,747	180,747
Occupant Protection	20.602		2,212,919		2,212,919
Safety Incentive Grants for Use of Seatbelts	20.604		6,574,799		6,574,799
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605		21,356	62,099	83,455
Total - U.S. Department of Transportation			17,285,612	4,104,552	21,390,164
Total Highway Safety Cluster			17,285,612	4,104,552	21,390,164
HOMELAND SECURITY CLUSTER					
U.S. Department of Justice					
State Domestic Preparedness Equipment Support Program	16.007		64,243,293	4,393,277	68,636,570
Total - U.S. Department of Justice			64,243,293	4,393,277	68,636,570
Department of Homeland Security					
State Domestic Preparedness Equipment Support Program	97.004		41,165,739	12,839,954	54,005,693
Emergency Management Performance Grants	97.042			9,150,169	9,150,169
Homeland Security Grant Program	97.067			92,105	92,105
Total - Department of Homeland Security			41,165,739	22,082,228	63,247,967
Total Homeland Security Cluster			105,409,032	26,475,505	131,884,537

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
MEDICAID CLUSTER					
U.S. Department of Health and Human Services					
State Medicaid Fraud Control Units	93.775			8,824,400	8,824,400
State Survey and Certification of Health Care Providers and Suppliers	93.777			45,470,493	45,470,493
Medical Assistance Program	93.778		33,144,438	11,206,908,130	11,240,052,568
Total - U.S. Department of Health and Human Services			33,144,438	11,261,203,023	11,294,347,461
Total Medicaid Cluster			33,144,438	11,261,203,023	11,294,347,461
PUBLIC WORKS AND ECONOMIC DEVELOPMENT CLUSTER					
U.S. Department of Commerce					
Grants for Public Works and Economic Development Facilities	11.300			252,109	252,109
Economic Adjustment Assistance	11.307		52,668	698,205	750,873
Total - U.S. Department of Commerce			52,668	950,314	1,002,982
Total Public Works and Economic Development Cluster			52,668	950,314	1,002,982
SPECIAL EDUCATION CLUSTER					
U.S. Department of Education					
Special Education—Grants to States	84.027		713,327,337	19,290,527	732,617,864
Pass-Through from Education Service Center Region XI		Decentralized Services		288,850	288,850
Pass-Through from Education Service Center Region XVII		135H-44-B544		66,687	66,687
Pass-Through from Education Service Center Region XVII		140H-44-B741		199,818	199,818
Pass-Through from Louisiana State University		611043/678-500642		17,280	17,280
Special Education—Preschool Grants	84.173		15,899,233	20,257	15,919,490
Total - U.S. Department of Education			729,226,570	19,883,419	749,109,989
Total Special Education Cluster			729,226,570	19,883,419	749,109,989
TRIO CLUSTER					
U.S. Department of Education					
TRIO—Student Support Services	84.042			4,488,950	4,488,950
TRIO—Talent Search	84.044			3,332,415	3,332,415
TRIO—Upward Bound	84.047			9,753,883	9,753,883
TRIO—Educational Opportunity Centers	84.066			1,123,067	1,123,067
TRIO—McNair Post-Baccalaureate Achievement	84.217			2,223,891	2,223,891
Total - U.S. Department of Education			0	20,922,206	20,922,206
Total TRIO Cluster			0	20,922,206	20,922,206
WORKFORCE INVESTMENT ACT CLUSTER					
U.S. Department of Labor					
WIA Adult Program	17.258		80,481,100	4,605,155	85,086,255
Pass-Through from Houston Galveston Area Council of Governments		513-04		475	475
Pass-Through from Houston Galveston Area Council of Governments		514-04		(346)	(346)
WIA Youth Activities	17.259		70,490,014	6,750,856	77,240,870
Pass-Through from Alamo Area Development		AADC-2001-04		16,988	16,988
Pass-Through from Alamo Workforce Development Inc		2004WIN000		106,338	106,338
Pass-Through from Lower Rio Grande Valley Development Board		03-WIAYS-001		158,052	158,052

STATE OF TEXAS

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass-through Entity Other Identifying No.	Pass-through to Non-State Entities	Expenditures	Total
WORKFORCE INVESTMENT ACT CLUSTER (continued)					
U.S. Department of Labor (continued)					
Pass-Through from Middle Rio Grande Workforce Partnership		413023		28,875	28,875
Pass-Through from Middle Rio Grande Workforce Partnership		WFB-04-016-04		7,038	7,038
Pass-Through from Serco of Texas Inc		05SERCOCC04		26,889	26,889
Pass-Through from Tech Prep of the Rio Grande Valley Inc		1st Gen Y3-03		10,116	10,116
WIA Dislocated Workers	17.260		83,511,529	8,970,670	92,482,199
Pass-Through from Lower Rio Grande Valley Development Board		04-WIASA-003		177,861	177,861
Pass-Through from South Plains Tech Prep		1352 44 C006		2,139	2,139
Pass-Through from Tech Prep of the Rio Grande Valley Inc		PY04-TP-100-03		107	107
Total - U.S. Department of Labor			234,482,643	20,861,213	255,343,856
Total Workforce Investment Act Cluster			234,482,643	20,861,213	255,343,856
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 5,732,634,395	$ 26,287,288,109	$ 32,019,922,504

STATE OF TEXAS

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2005

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the activity of all federal award programs administered by the State of Texas, except for three components units, for the fiscal year ended August 31, 2005. Those component units, Texas Guaranteed Student Loan Corporation, Texas A&M Research Foundation, and Boll Weevil Foundation of the Department of Agriculture, are subject to separate audits in compliance with Office of Management Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The federal transactions for these three entities are excluded from the Schedule.

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

(b) Basis of Presentation

The Schedule presents total federal awards expended for each individual federal program in accordance with OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Federal award program titles are reported as presented in the Catalog of Federal Domestic Assistance (CFDA). Federal award program titles not presented in the Catalog are identified by Federal Agency number followed by (.xxx).

(c) Basis of Accounting

The expenditures for each of the federal financial assistance programs are presented in the Schedule on a modified accrual basis. The modified accrual basis of accounting incorporates 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).

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

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

Federal Revenues	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds, Federal Revenue	$ 25,850,292,676
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds, Federal Revenue	2,400,295,343
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds, Capital Contributions- Federal	27,765,067
Statement of Changes in Fiduciary Net Assets	1,413,287
Statement of Activities – Component Units, Operating Grants and Contributions	154,865,379
Total Federal Revenue Per Financial Statements	28,434,631,752
Reconciling Items	
Non-Cash Federal Commodities/Vaccines/Surplus Property/Other (Note 6)	273,161,947
Various Loans Processed by Universities and Agencies (Note 5)	1,803,762,942
State Unemployment Funds (Note 4)	1,425,800,272
Other *	385,677,366
Agencies not included in the Schedule of Expenditures of Federal Awards (Note 1(a))	(303,111,775)
Expenditures Per Schedule of Expenditures of Federal Awards	$ 32,019,922,504

*This amount includes $219,388,350 of cash rebates received on sales of infant formula to participants in the Special Supplemental Food Program for Women, Infants, and Children (WIC) program (CFDA 10.557); see Note 7. This amount also includes $180,472,802 of voluntary nonexchange transactions recognized as federal revenue less $12,060,405 of vendor transactions and $2,123,381 of other transactions.

(4) Unemployment Insurance Funds

State unemployment tax revenues and the government and non-profit contributions in lieu of State taxes (State UI funds) must be deposited into the Unemployment Trust Fund in the U.S. Treasury. Use of these funds is restricted to pay benefits under the federally approved State Unemployment Law. State UI funds as well as federal funds are reported in the Schedule of Expenditures of Federal Awards under CFDA #17.225. The state portion in the amount of $1,425,800,272 is a reconciling item in the reconciliation of the Schedule to revenues in the Basic Financial Statements (See Note 3).

(5) Federally Funded Loan Programs

The balances of loans as of August 31, 2004 for which the federal government imposes continuing compliance requirements are as follows. The current year disbursements of approximately $34 million are included in the Schedule.

CFDA Number	Program Name	Amount
84.038	Federal Perkins Loan Program (Perkins)	$ 140,564,059
93.342	Health Professions Student Loans (HPSL)	15,396,803
93.364	Nursing Student Loans	2,405,259
	Total	$ 158,366,121

The State also participates in the Federal Direct Loan Program (Direct) and the Federal Family Education Loans Program (FFELP) which includes the Federal Stafford Loan Program and the Federal Parents' Loans for Undergraduate Students Program. The programs do not require the Universities to disburse the funds. The proceeds are disbursed by the federal government for direct loans and by lending institutions for FFELP. Loan guarantees are issued by the Texas Guaranteed Student Loan Corporation and other for-profit and not-for-profit guarantee agencies. The federal government reinsures these guarantee agencies. New loans were made to students enrolled at State Universities for approximately $133 million for Direct and approximately $1.63 billion for FFELP during the year ended August 31, 2005; accordingly, these amounts are included in the Schedule.

The Texas Higher Education Coordinating Board (THECB) participated in the Federal Family Education Loan Program (FFELP) (CFDA 84.032), the Health Professions Student Loan Program (CFDA 93.342), and the Health Education Assistance Loan Program (CFDA 93.108) as a servicer of the loans. During the year ended August 31, 2005, THECB received approximately $262,965 in interest subsidy and special allowance payments (SAP), which is included in the Schedule. For the year ended August 31, 2005, THECB originated loans of approximately $4.6 million to students of Texas Universities which are included in the Schedule. As of August 31, 2005, THECB services approximately $63 million of FFELP loans and $28 million of HEAL loans.

The Water Development Board receives capitalization grants to create and maintain Drinking Water State Revolving Funds (DWSRF) programs (CFDA 66.468). States can use capitalization grant funds to establish a revolving loan fund to assist public water systems finance the costs of infrastructure needed to achieve or maintain compliance with the Safe Drinking Water Act requirements and protect the public health objectives of the Act. The DWSRF can be used to provide loans at interest rates lower than the market and other types of financial assistance for qualified communities, local agencies, and private entities. The DWSRF offers a net long-term interest lending rate of 1.2 percent below the rate the borrower would receive in the open market at the time of closing. The maximum repayment period for most DWSRF loans is 20 years from the completion of construction. Capitalization grants received for DWSRF for the year ended August 31, 2005, were approximately $45 million and are included in the Schedule. DWSRF outstanding loans, with no continuing audit requirements, at August 31, 2005, were approximately $172 million.

The Water Development Board receives capitalization grants to provide a long-term source of State financing for construction of wastewater treatment facilities and implementation of other water quality management activities. The Clean Water State Revolving Fund (CWSRF) program (CFDA 66.458) provides loans at interest rates lower than what can be obtained through commercial markets. The CWSRF offers a net long-term interest lending rate of 0.7 percent below the rate the borrower would receive in the open market at the time of closing. The maximum repayment period for most CWSRF loans is 20 years from completion of construction. Capitalization grants received for CWSRF for the year ended August 31, 2005 were approximately $13 million and are included in the Schedule. CWSRF outstanding loans, with no continuing audit requirements, at August 31, 2005, were approximately $2.3 billion.

(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 basic financial statements. Awards received by the State which include cash and non-cash amounts are included in the Schedule as follows:

CFDA Number	Program Name	Grant Awards (in thousands)
10.550	Food Distribution	$ 101,222,445
10.565	Commodity Supplemental Food Program	2,025,240
10.569	Emergency Food Assistance Program	23,725,242
17.002	Labor Force Statistics	111,648
17.225	Unemployment Insurance	5,560,942
39.003	Donation of Federal Surplus Personal Property	3,958,689
93.268	Immunization Grants	136,557,741
	Total	$ 273,161,947

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

During fiscal year 2005, the State received cash rebates from infant formula manufacturers in the amount of approximately $219 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 7 CFD 246.16(m) as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs. Applying the rebates received to such costs enabled the State to extend program benefits to more participants than could have been serviced this fiscal year in the absence of the rebate contract.

(8) Depository Libraries for Government Publications

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

Schedule of Findings and Questioned Costs

Federal Portion of
Statewide Single Audit Report

For the Year Ended August 31, 2005

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Section 1:

Summary of Auditors' Results

Financial Statements

Issued under separate cover. See State Auditor's Office report entitled the Financial Portion of the 2005 Statewide Single Audit Report dated February 21, 2006.

Federal Awards

1. Internal Control over major programs:

   a. Material weakness(es) identified? Yes

   b. Reportable condition(s) identified not considered to be material weaknesses? Yes

Major Programs with Reportable Conditions:

10.500	Cooperative Extension Service
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
14.239	HOME Investment Partnerships Program
14.871	Section 8 Housing Choice Vouchers
16.008	State and Local Domestic Preparedness Training Programs
17.245	Trade Adjustment Assistance - Workers
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States
93.217	Family Planning - Services
93.268	Immunization Grants
93.283	Center for Disease Control and Prevention - Investigations and Technical Assistance
93.556	Promoting Safe and Stable Families
93.558	Temporary Assistance for Needy Families
93.658	Foster Care - Title IV-E
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.889	National Bioterrorism Hospital Preparedness Program
93.917	HIV Care Formula Grants
93.940	HIV Prevention Activities - Health Department Based
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants
97.039	Hazard Mitigation Grants
Cluster	Homeland Security
Cluster	Medicaid
Cluster	Research and Development
Cluster	Student Financial Assistance, including loan servicing of Federal Family Education Loans and Health Education Assistance Loans

Major Programs with Material Weaknesses:

10.500	Cooperative Extension Service
14.871	Section 8 Housing Choice Vouchers
93.558	Temporary Assistance for Needy Families
97.039	Hazard Mitigation Grants
Cluster	Food Stamp
Cluster	Research and Development
Cluster	Student Financial Assistance, including loan servicing of Federal Family Education Loans and Health Education Assistance Loans

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

Scope limitation:

14.871	Section 8 Housing Choice Vouchers

Qualification:

10.500	Cooperative Extension Service
93.217	Family Planning - Services
93.268	Immunization Grants
93.283	Center for Disease Control and Prevention - Investigations and Technical Assistance
93.556	Promoting Safe and Stable Families
93.558	Temporary Assistance for Needy Families
93.658	Foster Care - Title IV-E
93.667	Social Services Block Grant
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93.940	HIV Prevention Activities - Health Department Based
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants
97.039	Hazard Mitigation Grants
Cluster	Food Stamp
Cluster	Student Financial Assistance, including loan servicing of Federal Family Education Loans and Health Education Assistance Loans

No Qualification:

10.550	Food Distribution
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
14.239	HOME Investment Partnerships Program
16.008	State and Local Domestic Preparedness Training Programs
17.245	Trade Adjustment Assistance - Workers
66.605	Performance Partnership Grants
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States
84.287	Twenty-First Century Community Learning Centers
84.318	Technology Literacy Challenge Fund Grants
90.401	HAVA Requirements
93.568	Low-Income Home Energy Assistance
93.659	Adoption Assistance
Cluster	Employment Services
Cluster	Homeland Security
Cluster	Medicaid
Cluster	Research and Development
Cluster	Workforce Investment Act

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: $45,597,922

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
10.550	Food Distribution
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
14.239	HOME Investment Partnerships Program
14.871	Section 8 Housing Choice Vouchers
16.008	State and Local Domestic Preparedness Training Programs
17.245	Trade Adjustment Assistance - Workers
66.605	Performance Partnership Grants
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States
84.287	Twenty-First Century Community Learning Centers
84.318	Technology Literacy Challenge Fund Grants
90.401	HAVA Requirements
93.217	Family Planning - Services
93.268	Immunization Grants
93.283	Center for Disease Control and Prevention - Investigations and Technical Assistance
93.556	Promoting Safe and Stable Families
93.558	Temporary Assistance for Needy Families
93.568	Low-Income Home Energy Assistance
93.658	Foster Care - Title IV-E
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.889	National Bioterrorism Hospital Preparedness Program
93.917	HIV Care Formula Grants
93.940	HIV Prevention Activities - Health Department Based
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants
97.039	Hazard Mitigation Grants
Cluster	Employment Services
Cluster	Food Stamp
Cluster	Homeland Security
Cluster	Medicaid
Cluster	Research and Development
Cluster	Student Financial Assistance, including loan servicing of Federal Family Education Loans and Health Education Assistance Loans
Cluster	Workforce Investment Act

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Section 2:

Financial Statement Findings

Issued under separate cover. See State Auditor's Office report entitled the Financial Portion of the 2005 Statewide Single Audit Report dated February 21, 2006.

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Federal Award Findings and Questioned Costs - Table of Contents

Federal Award Findings - KPMG

Aging and Disability Services, Department of 97
Assistive and Rehabilitative Services, Department of 100
Family and Protective Services, Department of 103
Health and Human Services Commission 109
Housing and Community Affairs, Department of 123
Juvenile Probation Commission 128
Public Safety, Department of 131
State Health Services, Department of 135
Texas Cooperative Extension 141
Texas Engineering Extension Service 144
Texas Workforce Commission 150

Federal Award Findings - Other Auditors

Tarleton State University 153
Texas A&M University – College Station 155
Texas A&M University – Commerce 158
Texas Higher Education Coordinating Board 159
Texas Tech University 165
University of Houston 168
University of Houston – Clear Lake 173
University of North Texas 177
University of North Texas Health Science Center at Fort Worth 180
University of Texas at Austin 181
University of Texas at Dallas 187
University of Texas Health Science Center at Houston 189
University of Texas Medical Branch at Galveston 193
University of Texas – Pan American 198
University of Texas at San Antonio 200
University of Texas Southwestern Medical Center at Dallas 207

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Section 3a:

Federal Award Findings and Questioned Costs - KPMG

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

Department of Aging and Disability Services

Reference No. 06-01

Allowable Costs/Cost Principles

Medicaid Cluster
Award year - October 1, 2004 to September 30, 2005 and October 1, 2003 to September 30, 2004
Award number - 0405TX5028; 0505TX5028; 0405TX5048 and 0505TX5048

CFDA 93.667 - Social Services Block Grant
Award year - October 1, 2004 to September 30, 2005 and October 1, 2003 to September 30, 2004
Award number - 0401TXSOSR and 0501TXSOSR
Type of finding - Non-Compliance

Questioned Cost: $0

U.S. Department of Health and Human Services

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

(a) The procedures shown in the existing cost allocation plan become outdated because of organizational changes, changes to the Federal law or regulations, or significant changes in the program levels, affecting the validity of the approved cost allocation procedures.

(b) A material defect is discovered in the cost allocation plan.

(c) The State plan for public assistance programs is amended so as to affect the allocation of costs.

(d) Other changes occur which make the allocation basis or procedures in the approved cost allocation plan invalid.

The Department of Aging and Disability Services (DADS) submitted their revised CAP to the U.S. Department of Health and Human Services on August 31, 2004. The federal Division of Cost Allocation elected not to review and approve the DADS CAP due to DADS not meeting the definition of a State agency as defined in 45 CFR 95.503. Consequently, the federal Division of Cost Allocation designated the Health and Human Services Commission (HHSC) as the responsible agency for financial oversight of the programs administered by DADS.

HHSC has reviewed and provided conditional approval for the DADS CAP. Additionally, HHSC's CAP is pending federal approval and any issues that impact their CAP may result in changes to the conditionally approved DADS CAP.

Per review of the 2005 expenditure patterns, payroll and benefit expenditures were determined to be direct and material to both Medicaid and Social Services Block Grant programs. In accordance with the conditionally approved DADS CAP, payroll and benefit expenditures are to be allocated based on three methodologies: random moment time study (RMTS), full-time equivalent (FTE) headcount analysis, or payroll effort certification.

- DADS performs RMTS and FTE headcount analysis on a quarterly basis (federal fiscal year quarters) for the Medicaid and Social Services Block Grant programs. The updated allocation information is utilized to update the cost allocation system on a quarterly basis. Timesheets are to be maintained and certified for the payroll effort certification personnel.

- From the results of the RMTS and FTE headcount analysis, a quarterly Cost Allocation Report is prepared by program activity code (PAC). The summarized information is used to update/upload the information into the main Cost Allocation System which allocates employees' time to the respective programs. The updates are done on a quarterly basis. Timesheets are completed on a monthly basis.

Based on test work performed over these areas, DADS is allocating the payroll and benefit expenditures in accordance with the conditionally approved DADS CAP.

Recommendation:

DADS should continue to work with HHSC to ensure that any issues that impact the existing DADS CAP are appropriately addressed and any necessary adjustments are made.

Management Response and Corrective Action Plan:

DADS will continue to work with HHSC to ensure that any issues that impact the existing DADS CAP are appropriately addressed.

Implementation Date: *Ongoing*

Responsible Person: *Tammy Callaway*

Reference No. 06-02

Allowable Costs/Cost Principles

CFDA 93.667 -Social Services Block Grant
Award year - October 1, 2004 to September 30, 2005 and October 1, 2003 to September 30, 2004
Award number - 0401TXSOSR and G0501TXSOSR
Type of finding - Reportable Condition Control and Material Non-Compliance

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

Questioned Cost: $ 2,308,000

U.S. Departmemt of Health and Human Services

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

- Reflect an after-the-fact distribution of the actual activity of each employee,
- Account for the total activity for which each employee is compensated,
- Are prepared at least monthly and coincide with the pay period,
- Are signed by the employee, and
- Budget estimates before the services are performed do not qualify as support for charges to Federal awards but may be used for interim purposes provided that at least quarterly, comparisons of actual costs to budgeted amounts are made and any adjustments are reflected in the amounts billed to the Federal program. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show that the differences between budgeted and actual costs are less than ten percent

KPMG selected a sample of 30 transactions that were direct charge to the Program under audit (Title XX) and noted the following:

During the fiscal year 2005, the Department of Aging and Disability Services (DADS) did not require employees whose salary is directly charged to Social Services Block Grant or their supervisors to certify their time. Total salary and benefits charged to the program for the fiscal year was approximately $ 2,308,000.

Recommendation:

DADS should implement procedures to ensure that employees certify that the time spent working on Federal programs is accurate and in accordance with OMB Circular A-87.

Management Response and Corrective Action Plan:

DADS management is in the process of establishing corrective measures to ensure that all DADS' staff supervising employees directly charged (100%) to a Federal Title will prepare and certify semi-annual certifications. It should be noted that certifications were missing for the Guardianship Program only. This Program was transferred to DADS in the first quarter of fiscal year 2005, after funding sources had been identified for staff related programs.

Implementation Date: *February 28, 2006*

Responsible Person: *Gordon Taylor*

Department of Assistive and Rehabilitative Services

Reference No. 06-03
Allowable Costs/Cost Principles
(Prior Audit Issue - 05-39)

CFDA 84.126 - Rehabilitation Services-Vocational Rehabilitation Grants to States
Award year - See below
Award number - See below
Type of finding - Reportable Condition Control and Non-Compliance

Questioned Cost: $ 2,800,373

U.S. Departmemt of Education

OMB Circular A-87, attachment B, section 8H, requires that, where employees are expected to work solely on a single Federal award, charges for their salaries and wages will be supported by periodic certification 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.

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

- Reflect an after-the-fact distribution of the actual activity of each employee,
- Account for the total activity for which each employee is compensated,
- Are prepared at least monthly and coincide with the pay period,
- Are signed by the employee, and
- Budget estimates before the services are performed do not qualify as support for charges to Federal awards but may be used for interim purposes provided that at least quarterly, comparisons of actual costs to budgeted amounts are made and any adjustments are reflected in the amounts billed to the Federal program. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show that the differences between budgeted and actual costs are less than ten percent.

During the fiscal year 2005, the Department of Assistive and Rehabilitative Services (DARS) did not require timesheets for employees working on multiple programs. These costs were allocated based on budgeted amounts and not adjusted to actual. Total salary and benefit costs for multiple program personnel charged to the major program for the fiscal year was $2,800,373.

DARS has multiple grant awards and award years for the Rehabilitation Services-Vocational Rehabilitation Grants to States program. During fiscal year 2005 the following grant award years and grant award numbers, respectively, were open for the program:

Grant Number	Award year
H126A030064F	October 1, 2002 to September 30, 2004
H126A040064D	October 1, 2003 to September 30, 2005
H126A050064	October 1, 2004 to September 30, 2006
H126A050064A	October 1, 2004 to September 30, 2006
H126A030065F	October 1, 2002 to September 30, 2004
H126A040065E	October 1, 2003 to September 30, 2005
H126A050065	October 1, 2004 to September 30, 2006
H126A050065A	October 1, 2004 to September 30, 2006
H126A050065B	October 1, 2004 to September 30, 2006

Recommendation:

DARS should implement procedures to ensure that employee time is adjusted to actual for employees who work on multiple grants.

Management Response and Corrective Action Plan:

DARS implemented this recommendation effective September 1, 2005. Time sheeting (personnel activity reports) is in place for all employees who work on multiple activities or cost objective as required by OMB Circular A-87.

Implementation Date: *September 1, 2005*

Responsible Person: *James Dawson*

Reference No. 06-04
Eligibility

CFDA 84.126 - Rehabilitation Services-Vocational Rehabilitation Grants to States
Award year - See below
Award number - See below
Type of finding - Non-Compliance

Questioned Cost: $ 0

U.S. Departmemt of Education

The State vocational rehabilitation (VR) agency must determine whether an individual is eligible for VR services within a reasonable period of time, not to exceed 60 days, after the individual has submitted an application for the services unless (Section 102(a)(6) of the Act (29 USC 722(a)(6)):

a. Exceptional and unforeseen circumstances beyond the control of the State VR agency preclude making an eligibility determination within 60 days and the State agency and the individual agree to a specific extension of time; or

b. The State VR Agency is exploring an individual's abilities, capabilities, and capacity to perform in work situations through trial work experiences in order to determine the eligibility of the individual or the existence of clear and convincing evidence that the individual is incapable of benefiting in terms of an employment outcome from VR services.

For one of 30 individuals reviewed for eligibility, the client's eligibility was determined in excess of 60 days after the application date and exceptional and unforeseen circumstances were not applicable. The oversight was determined to have occurred because Department of Assistive and Rehabilitative Services (DARS) staff did not enter the receiving date on the application into the database in a timely fashion. The individual was determined to be eligible for services.

Grant Number	Award year
H126A050065	October 1, 2004 to September 30, 2006
H126A050065A	October 1, 2004 to September 30, 2006
H126A050065B	October 1, 2004 to September 30, 2006

Recommendation:

DARS should ensure that the eligibility is determined within a reasonable period of time, not exceeding 60 days, unless the delay was in line with the exceptions allowed.

Management Response and Corrective Action Plan:

We concur that the single case referred to above was in excess of 60 days. An application was signed on September 5, 2003 and Eligibility was determined on December 5, 2003.

DARS' DBS has since streamlined its process to obtain the consumer's consent for an extension of time to determine eligibility. In addition, DBS provided training to Field Directors and VR Coordinators, to insure that caseloads are covered at all times, and requests for extension of time are handled on a timely basis.

Implementation Date: *February 18, 2004*

Responsible Person: *Bill Agnell*

Department of Family and Protective Services

Reference No. 06-05
Allowable Costs/Cost Principles

CFDA 93.556 - Promoting Safe and Stable Families
Award year - October 1, 2004 to September 30, 2005 and October 1, 2003 to September 30, 2004
Award number - G0501TX00FP and G0401TX00FP

CFDA 93.659 - Adoption Assistance
Award year - October 1, 2004 to September 30, 2005 and October 1, 2003 to September 30, 2004
Award number - G0501TX1407 and G0401TX1407

CFDA 93.658 - Foster Care - Title IV-E
Award year - October 1, 2004 to September 30, 2005 and October 1, 2003 to September 30, 2004
Award number - G0501TX1401 and G0401TX1401

CFDA 93.558 - Temporary Assistance for Needy Families
Award year - October 1, 2004 to September 30, 2005 and October 1, 2003 to September 30, 2004
Award number - G0501TXTANF and G0401TXTANF

CFDA 93.667 - Social Services Block Grant
Award year - October 1, 2004 to September 30, 2005 and October 1, 2003 to September 30, 2004
Award number - G0401TXSOSR and G0501TXSOSR
Type of finding - Non-Compliance

Questioned Cost: $0

U.S. Department of Health and Human Services

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

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

The Department of Family and Protective Services (DFPS) submitted their revised CAP to the U.S. Department of Health and Human Services to be effective September 1, 2004. The federal Division of Cost Allocation (DCA) has not approved the CAP as of December 31, 2005. KPMG was unable to determine that the expenditures charged to the federal programs were based on an approved CAP. However based on test work performed over the areas noted below, DFPS allocated direct expenses, including payroll and benefit expenditures, in accordance with the CAP submitted to DCA for approval during fiscal year 2005.

Per review of the 2005 expenditure patterns, direct expenses, including payroll and benefit expenditures, were determined to be direct and material to various major programs noted above. In accordance with the CAP submitted by DFPS for approval, expenditures are to be allocated based on various methodologies as determined by the associated projects: random moment time study (RMTS), full-time equivalent (FTE) headcount analysis, service unit cost analysis, case count analysis, or payroll effort certification.

- DFPS performs RMTS, service unit cost analysis, and case count analysis on a quarterly basis. The updated allocation information is utilized to update the cost allocation system on a quarterly basis. FTE headcount analysis is performed monthly and timesheets are to be maintained and certified for the payroll effort certification personnel each month.

- From the results of the various allocation methods noted above, summarized information is used to update/upload the information into the Cost Allocation System which allocates employees' time and other direct expenditures to the respective programs.

Recommendation:

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

Management Response and Corrective Action Plan:

The Department of Family and Protective Services (DFPS) is in agreement. DFPS submitted a new Public Assistance Cost Allocation Plan (CAP) to the Health and Human Service Division of Cost Allocation (DCA) effective dated September 1, 2004. The new CAP, in the new format, was required by the DCA due to the consolidation of all of the Health and Human Service Agencies. DFPS continues to work with the DCA to reach an agreement to obtain an "approved" Public Assistance Cost Allocation Plan. Currently, DFPS has responded to all of the requests and inquiries of the DCA, and is awaiting further instructions or approval.

Implementation Date: April 2006

Responsible Person: James R. Wall III (Trey)

Reference No. 06-06

Allowable Costs/Cost Principles

CFDA 93.556 - Promoting Safe and Stable Families
Award year - October 1, 2004 to September 30, 2005 and October 1, 2003 to September 30, 2004
Award number - G0501TX00FP and G0401TX00FP

CFDA 93.659 - Adoption Assistance
Award year - October 1, 2004 to September 30, 2005 and October 1, 2003 to September 30, 2004
Award number - G0501TX1407 and G0401TX1407

CFDA 93.658 - Foster Care - Title IV-E
Award year - October 1, 2004 to September 30, 2005 and October 1, 2003 to September 30, 2004
Award number - G0501TX1401 and G0401TX1401

CFDA 93.558 - Temporary Assistance for Needy Families
Award year - October 1, 2004 to September 30, 2005 and October 1, 2003 to September 30, 2004
Award number - G0501TXTANF and G0401TXTANF

CFDA 93.667 - Social Services Block Grant
Award year - October 1, 2004 to September 30, 2005 and October 1, 2003 to September 30, 2004
Award number - G0401TXSOSR and G0501TXSOSR
Type of finding - Reportable Condition Control and Non-Compliance

OMB Circular A-87, attachment B, section 8H, allows substitute systems for allocating salaries and wages to Federal awards may be used in place of activity reports. These systems are subject to approval if required by the cognizant agency. Such systems may include, but are not limited to, random moment sampling, case counts, or other quantifiable measures of employee effort.

Questioned Cost: $ 0

U.S. Department of Health and Human Services

(a) Substitute systems which use sampling methods (primarily for Aid to Families with Dependent Children (AFDC), Medicaid, and other public assistance programs) must meet acceptable statistical sampling standards including:
   (i) The sampling universe must include all of the employees whose salaries and wages are to be allocated based on sample results except as provided in subsection (c);
   (ii) The entire time period involved must be covered by the sample; and
   (iii) The results must be statistically valid and applied to the period being sampled.
(b) Allocating charges for the sampled employees' supervisors, clerical and support staffs, based on the results of the sampled employees, will be acceptable.
(c) Less than full compliance with the statistical sampling standards noted in subsection (a) may be accepted by the cognizant agency if it concludes that the amounts to be allocated to Federal awards will be minimal, or if it concludes that the system proposed by the governmental unit will result in lower costs to Federal awards than a system which complies with the standards.

The Department of Family and Protective Services (DFPS) utilizes substitute systems for allocating expenditures in accordance with their cost allocation plan. One of these is the random moment time study (RMTS) and three divisions of DFPS participate: Adult Protective Services (APS), Child Protective Services (CPS), and Statewide Intake (SWI). APS employees are observed eight times per quarter, CPS employees are observed two times per quarter, and SWI employees are observed 25 times per quarter.

A sample of 50 employees involved in RMTS was selected for review and one employee in the CPS division was only observed once for the quarter ended March 31, 2005, and one employee transferred from the CPS to the APS division and was not observed in the APS division for the quarter ended March 31, 2005. Approximately 3,600 employees are included in the RMTS substitute system at DFPS.

Recommendation:

DFPS should add a completeness control to their process to ensure that employees are adequately observed each quarter.

Management Response and Corrective Action Plan:

DFPS has policies and procedures in place to maintain a back-up observer and the addition of new or transferred employees to the observed population. The current method of data collection utilized by DFPS relies on the distribution and mailing of paper forms. At times, it can be impracticable to identify missed or erroneous observations in enough time to reschedule the missed or erroneous observation.

DFPS will continue to rigorously enforce the existing policies, and provide additional training and local feedback on a needed basis. Future corrective action includes the development of an online data collection system to allow for real time reporting of both the study responses and the studied population. This real-time collection of data should introduce many efficiencies inclusive of providing feedback on problematic observations in enough time to reschedule an alternate observation.

Implementation Date: *September 1, 2006*

Responsible Person: *Ken Kiefe and James R. Wall III (Trey)*

Reference No. 06-07
Eligibility

CFDA 93.659 - Adoption Assistance
Award year - October 1, 2004 to September 30, 2005 and October 1, 2003 to September 30, 2004
Award number - G0501TX1407 and G0401TX1407
Type of finding - Reportable Condition Control and Non-Compliance

In accordance with 42 USC 675 (3), adoption assistance subsidy payments may be paid on behalf of a child if the written adoption assistance agreement for the subsidy contains information concerning the nature of services, the amount, and the duration of the subsidy. For one of 40 files reviewed, the monthly subsidy payment exceeded the established amount in the adoption assistance agreement by $41. The family receiving the subsidy payment was overpaid for a 54 month period or $2,214.

Questioned Cost: $ 2,214

U.S. Department of Health and Human Services

Recommendation:

The Department of Family and Protective Services (DFPS) should ensure that monthly subsidy payments are accurate based on the adoption assistance agreement.

Management Response and Corrective Action Plan:

Regional staff will be conducting a desk review of cases to determine if the amounts being entered in IMPACT are consistent with the amounts in the adoption assistance agreements. Regional staff have reviewed local procedures to ensure amounts entered are identical to the agreement amounts.

DFPS has begun obtaining the questioned cost back from the family as of September 2005. The agreement plan shows two years recoup of $2,214.

Implementation Date: *February 1, 2005*

Responsible Person: *Susan Klickman*

Reference No. 06-08
Earmarking

CFDA 93.556 - Promoting Safe and Stable Families
Award year - October 1, 2004 to September 30, 2005 and October 1, 2003 to September 30, 2004
Award number - G0501TX00FP and G0401TX00FP
Type of finding - Reportable Condition Control and Non-Compliance

In accordance with 42 USC 629b(a)(4), 45 CFR section 1357.15(s), and ACYF-CB-PI-03-05, "Of the remaining funds after administrative costs, States must expend a significant portion, defined as 20 percent, on each of the following 4 categories: programs of family preservation services, community-based family support services, time-limited family reunification services, and adoption promotion and support services".

Questioned Cost: $251,954

U.S. Department of Health and Human Services

During test work, the adoption promotion and support services for fiscal year 2005 was found to be only 16.06%. The Department of Family and Protective Services (DFPS) also does not have a formal methodology to allocate expenditures incurred to the four specific categories. The minimum earmarking requirements are actually estimated by the budget department based on expenditure patterns. Twenty percent of fiscal year 2005 expenditures is approximately $6,395,000.

Recommendation:

DFPS should implement a methodology to allocate actual expenditures to the four categories including proper controls.

Management Response and Corrective Action Plan:

DFPS agrees to develop a more clear and effective methodology to allocate cost to the four Title IV-B Part two categories. DFPS will also develop a control mechanism to ensure compliance with the 20 percent earmarking provision. Note that even though DFPS did not spend 20 percent of Title IV-B Part 2 funds on one of the four categories – adoption promotion and support services – the agency did spend additional funds on adoption promotion activities during fiscal year 2005, and plans to use Title IV-B Part 2 funds to continue this level of activity on adoption promotion during fiscal year 2006.

Implementation Date: *February 1, 2006*

Responsible Person: *Tamela Griffin and Donna Krueger*

Reference No. 06-09
Eligibility
(Prior Audit Issue - 05-03, 04-37 and 04-38)

CFDA 93.658 - Foster Care - Title IV-E
Award year - October 1, 2004 to September 30, 2005 and October 1, 2003 to September 30, 2004
Award number - G0501TX1401 and G0401TX1401
Type of finding - Reportable Condition Control and Material Non-Compliance

Questioned Cost: $ 0

U.S. Department of Health and Human Services

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

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

A sample of 40 children for whom Foster Care – Title IV-E payments were made during fiscal year 2005 was selected for review. For each child, we selected one foster care provider and verified that the provider satisfactorily met the criminal records check. For foster care providers other than individual homes, we obtained a listing of employees and verified that a criminal background check was performed for each employee. For six of the providers selected, the criminal background check was missing for a total of eleven employees.

Recommendation:

The Department of Family and Protective Services (DFPS) should implement procedures to ensure that background checks are completed in accordance with federal regulations.

Management Response and Corrective Action Plan:

Of the eleven employees where background checks were not completed, background checks for four of the employees were conducted, but not in a timely manner. It had been noted that a background check had not been completed on the owner of a facility, but a background check had been completed and was cleared on July 22, 2005.

The Child Care Licensing Division's policy requires inspectors to verify that criminal history checks and central registry checks are documented for employees during annual monitoring visits. This verification of background checks must occur at the initial check and then every 24 months thereafter. In addition, background checks may be evaluated during an investigation if relevant, such as in an abuse/neglect investigation. For residential licensing, when the investigation involves a child-placing agency (CPA), the evaluation may be limited to only the particular home(s) involved in the investigation. The policy regarding what must be evaluated each time licensing staff is present at an operation, regardless of the reason, was updated in July 2004 to emphasize the importance of this process. Licensing has a manager's meeting scheduled for December 2005 and a RCCL all staff meeting scheduled for January 2006 and this will be discussed. We will continue to stress the requirement for background checks to the licensed community. In addition, to simplify the background check process for CPA's, DFPS has implemented a new rule effective on December 1, 2005, that requires all CPA's to submit background checks via the public web site.

Implementation Date: *December 2005*

Responsible Person: *Henry Darrington, Jo Ann Cajas, and Scott Silverthorne*

Health and Human Services Commission

Reference No. 06-10
Matching, Level of Effort and Earmarking

Medicaid Cluster
Award year - October 1, 2004 to September 30, 2005 and October 1, 2003 to September 30, 2004
Award number - 0405TX5028 and 0505TX5028; 0405TX5048 and 0505TX5048
Type of finding - Reportable Condition Control

Questioned Cost: $0

U.S. Department of Health and Human Services

The State Medicaid agency may apply for a waiver of Federal requirements. Waivers are intended to provide the flexibility needed to enable States to try new or different approaches to the efficient and cost-effective delivery of health care services, or to adapt their programs to the special needs of particular areas or groups of beneficiaries. Waivers allow exceptions to State plan requirements and permit a State to implement innovative programs or activities on a time-limited basis, and are subject to specific safeguards for the protection of beneficiaries and the program.

Actions that States may take if waivers are obtained include: (1) implement a primary care case-management system or a specialty physician system; (2) designate an entity to act as a central broker in assisting Medicaid beneficiaries to choose among competing health care plans; (3) share with beneficiaries (through the provision of additional services) cost-savings made possible through the beneficiaries' use of more cost effective medical care; (4) limit beneficiaries' choice of providers to providers that fully meet reimbursement, quality, and utilization standards, which are established under the State plan and are consistent with access, quality, and efficient and economical furnishing of care; (5) include as medical assistance, under its State plan, home and community-based services furnished to beneficiaries who would otherwise need inpatient care that is furnished in a hospital or nursing facility, and is reimbursable under the State plan; and (6) impose a deduction, cost-sharing or similar charge of up to twice the nominal charge established under the State plan for outpatient services for certain non-emergency services. A State may also obtain a waiver of statutory requirements to provide an array of home and community-based services, which may permit an individual to avoid institutionalization (42 CFR part 441 subpart G). Depending on the type of requirement being waived, a waiver may be effective for initial periods ranging from two to five years, with varying renewal periods.

The Health and Human Services Commission (HHSC) Star Plus CMS 372 report was selected to ensure that the waiver was being prepared using reasonable and supported amounts, to ensure that the applicable dollar requirements for the waiver were being met and that the CMS 372 report was approved and certified by the Health and Human Services Commission Associate Commissioner for Medicaid and CHIP. The Star Plus (waiver 0325) CMS 372 report for the reporting period of February 1, 2004 through January 31, 2005 was not approved or certified by the Health and Human Services Commission Associate Commissioner for Medicaid and CHIP.

Recommendation:

HHSC should implement a control to ensure that all reports filed with regard to Medicaid waiver requirements are reviewed and certified by the appropriate personnel at HHSC.

Management Response and Corrective Action Plan:

Health Plan Operations staff will develop the 372 report using encounter data and capitation payments made for the year covered by the 372 report. Prior to submission to the Centers for Medicaid and Medicare (CMS), necessary approvals for the report will be obtained from:

- *Director of Health Plan Operations*
- *Deputy Director of Managed Care Operations*
- *Associate Commissioner for Medicaid/CHIP Division*

Under a letter signed by the Associate Commissioner for Medicaid/CHIP Division, the report will be mailed to the designated persons in the CMS Regional Office in Dallas and the CMS Central Office in Baltimore, MD.

Implementation Date: *February 2006*

Responsible Person: *Pam Coleman*

Reference No. 06-11

Equipment and Real Property Management

CFDA 93.558 - Temporary Assistance for Needy Families
Award year - October 1, 2004 to September 30, 2005, October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - G0501TXTANF, G0401TXTANF, G0301TXTANF
Type of finding - Material Weakness Control and Material Non-Compliance

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

In accordance with 74 CFR section 34 (f) the recipient's property management standards for equipment acquired with Federal funds and federally-owned equipment shall include all of the following:

(1) Equipment records shall be maintained accurately and shall include the following information:

- (i) A description of the equipment;
- (ii) Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number;
- (iii) Source of the equipment, including the award number;
- (iv) Whether title vests in the recipient or the Federal Government;
- (v) Acquisition date (or date received, if the equipment was furnished by the Federal Government) and cost:
- (vi) Information from which one can calculate the percentage of federal government's share in the cost of the equipment (not applicable to equipment furnished by the Federal Government);
- (vii) Location and condition of the equipment and the date the information was reported;
- (viii) Unit acquisition cost; and
- (ix) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the HHS awarding agency for its share.

(2) Equipment owned by the Federal Government shall be identified to indicate Federal ownership.

(3) The recipient shall take a physical inventory of equipment 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.

(4) Recipient shall maintain a control system to insure 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 HHS awarding agency.

(5) The recipient shall implement adequate maintenance procedures to keep the equipment in good condition.

(6) Where the recipient is authorized or required to sell the equipment, proper sales procedures shall be established which provide for competition to the extent practicable and result in the highest possible return.

For the seven equipment items selected for test work from a total population of 19, the following was noted. The total cost of all 19 items was approximately $5,247,000.

- Two equipment items did not have identification tags. There value is $29,352.
- Two equipment items were not observed as the Health and Human Services Commission (HHSC) was unable to provide location information during field work. There value is $2,375.
- The vouchers for two of the assets could not be located
- The required information for each equipment item was not maintained in the fixed asset subledger. Specifically the subledger did not include source, cost, condition, disposal/retirement date, or disposal/retirement amount. Additionally, the custodians and locations listed for some of the assets were incorrect. The total cost for the seven items reviewed is $49,194.

Recommendation:

HHSC should ensure the property and equipment control structure is designed and functioning to ensure that all equipment purchased with federal funds is identified and properly tracked in the fixed asset system.

Management Response and Corrective Action Plan:

The Asset Management Office (AMO) concurs with the recommendation.

Executive management is currently reviewing the draft HHSC Asset Management Policies and Procedures. The AMO will ensure that the agency's policies and procedures address KPMG audit recommendations and that appropriate changes are incorporated into the final policy.

HHSC division management designated selected employees as property custodians. Property custodians' responsibilities are to assist the AMO in maintaining the assets assigned to their respective divisions. Once the draft HHSC Asset Management Policies and Procedures are approved, the AMO will coordinate with each division's property custodians to provide training on required policies and procedures for managing the receipt and maintenance of assets.

HHSC Administrative Operations is working with the Enterprise Facilities Division to acquire warehouse space so that a fully operational receiving area can be established. The AMO will coordinate with the Enterprise Facilities Division to develop and implement policies and procedures for receiving and processing assets, which will be incorporated into the HHSC Asset Management Policies and Procedures.

Implementation Date: *August 31, 2006*

Responsible Person: *Richard Rodriguez*

Reference No. 06-12

Allowable Costs/Cost Principles

CFDA 93.558 - Temporary Assistance for Needy Families
Award year - October 1, 2004 to September 30, 2005, October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - G0501TXTANF, G0401TXTANF, G0301TXTANF

Food Stamp Cluster
Award year - October 1, 2004 to September 30, 2005 and October 1, 2003 to September 30, 2004
Award number - 6TX40015

Medicaid Cluster
Award year - October 1, 2004 to September 30, 2005, October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - 05-0505TX5028/05-0505TX5048; 05-0405TX5028/05-0405TX5048 and 05-0305TX5028/05-0305TX5048
Type of finding - Non-Compliance

Questioned Cost: $0

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

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

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

The Health and Human Services Commission (HHSC) submitted their revised CAP to the U.S. Department of Health and Human Services to be effective September 1, 2004. The federal Division of Cost Allocation (DCA) has not approved the CAP as of December 31, 2005. KPMG was unable to determine that the expenditures charged to the federal programs were based on an approved CAP. In accordance with the CAP submitted by HHSC for approval, expenditures are to be allocated based various methodologies as determined by the associated projects: random moment time study (RMTS), headcount, and client count analysis.

During the test work performed, RMTS information was collected by HHSC during the fiscal year. However management of HHSC made the decision to not update the costs allocation system for the quarterly 2005 RMTS information since the CAP plan was not approved by DCA. As a result, fiscal year 2005 federal expenditures for HHSC were allocated based on fiscal year 2004 RMTS information. HHSC also did not update any of the other allocation systems with current headcount or client count information during 2005.

Recommendation:

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

Management Response and Corrective Action Plan:

There are two separate and distinct issues. The first being the RMTS results for fiscal year 2004 were used to allocate costs in fiscal year 2005. This issue is separate and distinct from the second issue, which is the lack of a federally approved CAP.

Approved CAP:

The CAP was submitted to the federal government by the required due dates. Due to the complexity of the material and major changes due to HB 2292, the federal government is still reviewing the submission. HHSC will continue to work with the federal government to make changes as requested, but has no control over the federal government's timetable for approval of the CAP.

Implementation Date: *Waiting on federal government approval*

Responsible Person: *Jeff Broussard*

RMTS:

Amounts paid in fiscal year 2005 that were allocated with fiscal year 2004 allocation factors are being corrected to reflect fiscal year 2005 allocation percentages. It is estimated that HHSC will complete the adjustments six months after final federal approval. Fiscal year 2006 costs are being allocated by the submitted but unapproved cost allocation methodology.

Implementation Date: *March 31, 2006*

Responsible Person: *James Barnett*

Reference No. 06-13

Procurement and Suspension and Debarment

CFDA 93.558 - Temporary Assistance for Needy Families
Award year - October 1, 2004 to September 30, 2005, October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - G0501TXTANF, G0401TXTANF, G0301TXTANF

Food Stamp Cluster
Award year - October 1, 2004 to September 30, 2005 and October 1, 2003 to September 30, 2004
Award number - 6TX40015
Type of finding - Material Weakness Control and Material Non-Compliance

Questioned Cost:	$ 5,691
U.S. Department of Health and Human Services	
U.S. Department of Agriculture	

States shall use the same State policies and procedures used for procurements from non-Federal funds. They also shall ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations. U.S. Department of Health and Human Services requires the following for procurement (45CFR92.36):

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

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

(1) Violated the antitrust laws codified by Chapter 15, Business & Commerce Code, or the federal antitrust laws; or

(2) Directly or indirectly communicated the bid to a competitor or other person engaged in the same line of business.

Upon review of 51 selected vendor files, KPMG noted the following:

- For three vendors, an unauthorized individual approved and entered the vendor information in the procurement system. All three vendors were utilized by both the Temporary Assistance for Needy Families (TANF) and the Food Stamp programs. Health and Human Services Commission (HHSC) staff were aware of these unauthorized approval prior to our audit and did review their files to ensure the vendors were authorized. These procurements were for $3,688,777.
- For seven Food Stamp and TANF vendors, an additional three Food Stamp, and an additional one TANF vendors (total of 11 of 51 files), HHSC was not able to provide anti-trust certifications for the vendors. During the audit, HHSC requested these 11 vendors to supply certifications and received certifications from nine vendors. These procurements of $3,098,199 were found to not be in violation of the anti-trust provisions. The remaining two Food Stamp vendors had $5,562 and the one TANF vendor had $129 of expenditures.

Recommendation:

The Enterprise Contract and Procurement Services Division (ECPS) of the Health and Human Services should ensure that contracts include all required documentation and an accurate record of the procurement history of each vendor is maintained.

Management Response and Corrective Action Plan:

ECPS has reviewed its current solicitation and contract documents to ensure that they comply with antitrust requirements. ECPS will ensure that all future solicitation and contract documents contain the required language within the standard terms and conditions.

Current procurement procedures require all filed to contain bidding documentation, suspension and debarment verification, bid tabulations and explanation of vendor selection. These processes will be reviewed with staff to ensure that they comply with all procurement requirements.

Implementation Date: *March 2006*

Responsible Person: *Vikki M. Meeker*

Health and Human Services Commission

Department of Family and Protective Services

Reference No. 06-14

Procurement and Suspension and Debarment

(Prior Audit Issue 05-05)

CFDA 93.556 - Promoting Safe and Stable Families
Award year - October 1, 2004 to September 30, 2005 and October 1, 2003 to September 30, 2004
Award number - G0501TX00FP and G0401TX00FP

CFDA 93.658 - Foster Care - Title IV-E
Award year - October 1, 2004 to September 30, 2005 and October 1, 2003 to September 30, 2004
Award number - G0501TX1401 and G0401TX1401

CFDA 93.558 - Temporary Assistance for Needy Families
Award year - October 1, 2004 to September 30, 2005 and October 1, 2003 to September 30, 2004
Award number - G0501TXTANF and G0401TXTANF

CFDA 93.667 - Social Services Block Grant
Award year - October 1, 2004 to September 30, 2005 and October 1, 2003 to September 30, 2004
Award number - G0401TXSOSR and G0501TXSOSR
Type of finding - Reportable Condition Control and Material Non-Compliance

Questioned Cost: $364,000

U.S. Department of Health and Human Services

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

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

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

(1) Violated the antitrust laws codified by Chapter 15, Business & Commerce Code, or the federal antitrust laws; or

(2) Directly or indirectly communicated the bid to a competitor or other person engaged in the same line of business.

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

Upon review of 40 selected vendor files, KPMG noted the following:

- For two vendors, the Texas Department of Family and Protective Services (DFPS) could not provide bids signed by the vendor. The procurements were approximately for $47,000.
- For three vendors, DFPS could not locate the original contract files or provide all documentation required. The application of the above procedures could not be performed. The procurements were approximately for $53,000.

- For four vendor that were contract renewals, the DFPS could not provide documentation that an attempt to solicit bids from at least three vendors, of which at least two were from historically underutilized business, was made or that bid tabulation sheets were prepared. The procurements were approximately for $80,000.
- For fourteen vendors, DFPS could not provide certification that bidders have not violated anti-trust laws. Twelve of these fourteen vendors were sole sourced. The procurements were approximately for $184,000.

Recommendation:

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

Management Response and Corrective Action Plan:

Agree. Health and Human Services Commission's Enterprise Contract and Procurement Services Division (ECPS) will review all standard documents to ensure that current language includes provisions that address both of these requirements. In addition, ECPS will review current contracts to ensure that these provisions are contained in all "open" contracts, and where found not to be, amend the contracts to incorporate the requirements.

Implementation Date: *December 31, 2005*

Responsible Person: *Vikki Meeker (ECPS) and Michael Woolsey, James R. Wall III (DFPS)*

Health and Human Services Commission
Department of State Health Services

Reference No. 06-15
Procurement and Suspension and Debarment
(Prior Audit Issue - 05-17 and 05-14)

CFDA 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
Award year - October 1, 2003 to September 30, 2004 and October 1, 2004 to September 30, 2005
Award number - 6TX700506

CFDA 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance
Award year - August 31, 2004 to August 30, 2005
Award number - U90/CCU617001-05

CFDA 93.977 - Preventive Health Services - Sexually Transmitted Diseases Control Grants
Award year - January 1, 2004 to December 31, 2004 and January 1, 2005 to December 31, 2005
Award number - CCH604349-13-11 and CCH604349-14
Type of finding - Reportable Condition Control and Non-Compliance

Questioned Cost: $9,800

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

Per the Federal Register, Vol. 68, No. 228 / Wednesday, November 26, 2003 / Rules and Regulations, contractors receiving individual awards for $25,000 or more and all subrecipients must certify that the organization and its principals are not suspended or debarred. The verification may be accomplished by (1) checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity.

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

(1) Violated the antitrust laws codified by Chapter 15, Business & Commerce Code, or the federal antitrust laws; or

(2) Directly or indirectly communicated the bid to a competitor or other person engaged in the same line of business.

Lastly, the Health and Human Services Commission Procurement Manual requires that purchases or other acquisitions that will cost more than $5,000 are to be competitively bid unless the purchasing of goods or services are exempt from competitive bidding in which case the exemption must be documented in the purchasing documentation.

Specifically test work found the following:

- Women, Infants, and Children, CFDA 10.557 – two of the 28 files reviewed did not have the certification noting the vendor was in compliance with the antitrust laws. DSHS received one certification subsequent to fieldwork, in which, the procurement was approximately $5,200. The procurement for the remaining file was for approximately $9,800.
- Public Health Preparedness and Response for Bioterrorism, CFDA 93.283 – eight of the 27 files reviewed did not have the certification noting the vendor was in compliance with the antitrust laws. One of these eight files also did not have the bid tabulation documentation denoting that competitive bidding was performed. The certifications and bid tabulation was obtained and provided subsequent to fieldwork. The procurements were for approximately $79,000.
- Preventive Health Services – Sexually Transmitted Disease Control Grant, CFDA 93.977 – one of 4 files reviewed did not have the certification noting the vendor in compliance with the antitrust laws nor that the vendor was not suspended or debarred. Upon review of the EPLS, the vendor was not found to be suspended or debarred. DSHS obtained the anti-trust certification subsequent to fieldwork. The procurement was for approximately $78,000.

Recommendation:

The Enterprise Contract and Procurement Services Division (ECPS) of the Health and Human Services Commission is responsible for the centralized procurement activity for Department of State Health Services (DSHS) vendors. ECPS should ensure that contracts include all required documentation included suspension and debarment and antitrust certifications.

Management Response and Corrective Action Plan:

Agree. Health and Human Services Commission's Enterprise Contract and Procurement Services Division (ECPS) will review all standard documents to ensure that current language includes the provision that addresses this requirement. In addition, DSHS and ECPS will review current contracts to ensure that these provisions are contained in all "open" contracts, and where found not to be, amend the contracts to incorporate the requirements.

ECPS will work with DSHS to make sure that all procurements are competitively bid when required or that the procurement file contains proper exemption documentation.

Implementation Date: *March 31, 2006*

Responsible Person: *Vikki Meeker*

Reference No. 06-16

Subrecipient Monitoring

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

CFDA 93.889 - National Bioterrorism Hospital Preparedness Program
Award year - September 1, 2004 to August 31, 2005 and September 1, 2004 to August 31, 2005
Award number - 4U3RMC00046-02-06 and 1U3RMC03939-01-00

CFDA 93.217 - Family Planning - Services
Award year - April 1, 2004 to March 31, 2005 and April 1, 2005 to March 31, 2006
Award number - 2 FPHPA060898-23-00 and 5 FPHPA06089-24-00

CFDA 93.268 - Immunization Grants
Award year - January 1, 2004 to December 31, 2004 and January 1, 2005 to December 31, 2005
Award number –CCH622571-02 and CCH622571-03

CFDA 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance
Award year - August 31, 2004 to August 30, 2005
Award number - U90/CCU617001-05

CFDA 93.667 - Social Services Block Grant
Award year - October 1, 2003 to September 30, 2004 and October 1, 2004 to September 30, 2005
Award number - G-0401TXSOSR and G-0501TXSOSR

CFDA 93.917 –HIV Care Formula Grants
Award year - April 1, 2004 to March 31, 2005 and April 1, 2005 to March 31, 2006
Award number - 6 X07HA00054-14-02 and 6 X07HA00054-15-01

CFDA 93.940 - HIV Prevention Activities-Health Department Based
Award year - January 1, 2004 to December 31, 2004 and January 1, 2005 to December 31, 2005
Award number - U62/CCU623516-01 and U62/CCU623516-02

CFDA 93.959 –Block Grants for Prevention and Treatment of Substance Abuse
Award year - October 1, 2002 to September 30, 2004, October 1, 2003 to September 30, 2005 and October 1, 2004 September 30, 2006
Award number - 03B1TXSAPT-05, 04B1TXSAPT-04, and 05B1TXSAPT-01

CFDA 93.977 - Preventive Health Services - Sexually Transmitted Diseases Control Grants
Award year - January 1, 2004 to December 31, 2004 and January 1, 2005 to December 31, 2005
Award number - CH604349-13-11 and CCH604349-14

Non-major Programs:

CFDA 10.572 - WIC Farmers' Market Nutrition Program
CFDA 14.241 - Housing Opportunities for Persons with AIDS
CFDA 93.110 - Maternal and Child Health Federal Consolidated Programs
CFDA 93.116 - Project Grants and Cooperative Agreements for Tuberculosis Control Programs
CFDA 93.118 - Acquired Immunodeficiency Syndrome (AIDS) Activity
CFDA 93.136 - Injury Prevention and Control Research and State and Community Based Programs
CFDA 93.150 - Projects for Assistance in Transition from Homelessness (PATH)
CFDA 93.197 - Childhood Lead Poisoning Prevention Projects (CLPPP) - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Levels in Children
CFDA 93.215 - Hansen's Disease National Ambulatory Care Program
CFDA 93.230 - Consolidated Knowledge Development and Application (KD&A) Program
CFDA 93.234 - Traumatic Brain Injury State Demonstration Grant Program
CFDA 93.235 - Abstinence Education Program
CFDA 93.243 - Substance Abuse and Mental Health Services
CFDA 93.275 - Substance Abuse and Mental Health Services - Access to Recovery
CFDA 93.566 - Refugee and Entrant Assistance - State Administered Programs
CFDA 93.576 - Refugee and Entrant Assistance - Discretionary Grants
CFDA 93.944 - HIV/AIDS Surveillance
CFDA 93.945 - Assistance Programs for Chronic Disease Prevention and Control
CFDA 93.958 - Block Grants for Community Mental Health Service
CFDA 93.974 - Family Planning - Service Delivery Improvement Research Grants
CFDA 93.978 - Preventative Health Services - STD Research Public and Professional Education Projects
CFDA 93.982 - Mental Health Disaster Assistance and Emergency Mental Health
CFDA 93.988 - Cooperative Agreements for State Based Diabetes Control Program
CFDA 93.991 - Preventive Health and Health Services Block Grant
CFDA 93.994 - Maternal and Child Health Services Block Grant

Type of finding - Reportable Condition Control and Material Non-Compliance

Questioned Cost: $ 0

U.S. Department of Agriculture
U.S. Department of Health and Human Services
U.S. Department of Housing and Urban Development

Effective September 1, 2004, the Department of Health (TDH), Commission on Alcohol and Drug Abuse (TCADA), and the Mental Health portion of Mental Heath and Mental Retardation (MHMR) were consolidated to form the Texas Department of State Health Services (DSHS).

DSHS passes through a significant amount of federal funds to subrecipients to carry out the objectives of the federal programs. DSHS is required by OMB Circular A-133, Section .400, to monitor subrecipients to ensure compliance with Federal rules and regulations, as well as the provisions of the contracts or grant agreements. DSHS' subrecipient monitoring procedures include a risk assessment process, technical assistance, financial monitoring and OMB Circular A-133 audit report reviews. According to OMB Circular A-133, DSHS must assure that subrecipients expending Federal funds in excess of $500,000 have an OMB Circular A-133 Single Audit performed and provide a copy to DSHS. DSHS is to review the report and to issue a management decision, if applicable.

Since federal funds are awarded based on the grant year and DSHS grants have different grant years, the Grants Management department of DSHS does the risk assessment (for financial monitoring) in January of each year to determine the subrecipients to be monitored the following State fiscal year. Accordingly, the risk assessment that is being used by DSHS to perform subrecipient monitoring during fiscal year 2005 was completed in January 2004.

The 2005 level of funding for each area that had a completed risk assessment is as follows:

- TDH had 116 high risk subrecipients receiving approximately $152 million in funding, 118 moderate risk receiving approximately $36 million in funding and 278 low risk subrecipients receiving approximately $20 million in funding.
- TCADA had 44 high risk subrecipients receiving approximately $98 million in funding, 63 moderate risk receiving approximately $35 million in funding and 67 low risk subrecipients receiving approximately $8 million in funding.
- MHMR had 41 subrecipients receiving approximately $28 million in federal funding.

From September 2004 through February 2005, the financial monitoring function for the State of Texas health and human services agencies was the responsibility of the Health and Human Services Commission (HHSC), Office of Inspector General (OIG) for the State of Texas. In March of 2005 the financial monitoring function was transferred back to the individual agencies and was no longer a centralized function. In fiscal year 2005, 69 subrecipients of approximately 725 were monitored which accounts for approximately 24% of the total funds passed through to the subrecipients for TDH, 8% for TCADA, and 18% for MHMR. This is an improvement from fiscal year 2005 where 50 subrecipients were monitored. The completed financial monitoring for each legacy agency is as follows:

TDH

- 21 high risk subrecipients receiving approximately $48 million in funding.
- Eight moderate risk subrecipients receiving approximately $700,000 in funding.
- Six low risk subrecipients receiving approximately $1 million in funding.

TCADA

- Eight high risk subrecipients receiving approximately $12.9 million in funding.
- Nine moderate risk subrecipients receiving approximately $5.1 million in funding.
- Eight low risk subrecipients receiving approximately $882,000 in funding.

MHMR

- Nine subrecipients receiving approximately $4.6 million in funding.

Total payments to subrecipients charged to the major and non-major programs for fiscal year 2005 were:

Federal Program	Amount Charged to the Federal Program
CFDA 10.572	$ 617,680
CFDA 14.241	2,676,153
CFDA 93.110	32,119
CFDA 93.116	3,163,203
CFDA 93.118	10,478
CFDA 93.136	3,202,941
CFDA 93.150	2,214,530
CFDA 93.197	410,660
CFDA 93.215	98,920

Federal Program	Amount Charged to the Federal Program
CFDA 93.217	13,535,981
CFDA 93.230	4,403,783
CFDA 93.234	17,100
CFDA 93.235	7,066,034
CFDA 93.243	962,970
CFDA 93.268	6,796,723
CFDA 93.275	59,348
CFDA 93.283	34,979,956
CFDA 93.566	1,612,780
CFDA 93.576	176,271
CFDA 93.667	3,701,513
CFDA 93.889	15,315,748
CFDA 93.917	17,912,326
CFDA 93.940	10,747,088
CFDA 93.944	500,255
CFDA 93.945	129,595
CFDA 93.958	21,302,980
CFDA 93.959	113,226,571
CFDA 93.974	145,740
CFDA 93.977	4,264,536
CFDA 93.978	203,912
CFDA 93.982	5,250
CFDA 93.988	283,745
CFDA 93.991	2,596,517
CFDA 93.994	10,416,156
Total	$ 282,789,561

Recommendation:

DSHS should formalize their methodology as to how often each level of risk will be monitored. This will assist with determining the appropriate amount of resources to devote to the financial monitoring department. As long as DSHS's monitoring process relies heavily on the performance of financial reviews, DSHS should continue to increase the amount of monitoring performed through site visits and desk reviews. In addition, consideration could be given to enhancing other elements of their subrecipient monitoring process in an effort to reduce the reliance currently placed on financial monitoring.

Management Response and Corrective Action Plan:

DSHS concurs with the recommendation and is taking steps to formalize its risk assessment methodology that will take into account how often each level of risk is monitored. DSHS implemented a risk assessment methodology for the fiscal year 2006 review plan that results in uniform risk ranking scores while also accommodating differing risk factors unique to legacy agency subrecipients. This will introduce more consistency from legacy risk assessment practices, which utilized differing scales.

DSHS is currently performing a major integration of the multiple contracting systems that were historically used in preparing risk assessments. The legacy TCADA system, the Source, is the basis for developing a DSHS contracting system that will be implemented for fiscal year 2007 contracts.

When the fiscal monitoring function transferred to DSHS in March 2005, the Contract Oversight and Support (COS) Section made concerted efforts in a short timeframe to fill vacant positions, begin to streamline processes and introduce efficiencies to increase the number of monitoring site visits and desk reviews that were performed in fiscal year2005. COS managers still strive to fill vacancies, train staff and document procedures to ensure that effective monitoring occurs.

DSHS recognizes the need to enhance other elements of subrecipient oversight. During fiscal year 2006 DSHS is establishing a financial technical assistance function that complements the fiscal monitoring reviews. A primary role will be to provide up-front communication of grant management requirements to subrecipients. DSHS is developing a reference manual to explain and clarify applicable laws, regulations, DSHS policy and procedures pertaining to the administration and financial management of funds that are awarded to subrecipients.

Technical assistance will also assist subrecipients in achieving the goals and objectives of the grant awards. This approach will touch more subrecipients compared to financial monitoring reviews as:

- *multiple subrecipients can receive technical assistance concurrently through training sessions;*
- *technical assistance visits require less time to perform compared to a financial monitoring on-site or desk review;*
- *technical assistance can be provided more quickly through e-mail and via telephone.*

The technical assistance function will be broadened to include review of cost allocation plans as further staff is hired this fiscal year.

During fiscal year 2005, DSHS established a contract optimization workgroup to analyze and assess contracting roles and processes across the department. The objective of the assessment was twofold:

- *to ensure that effective processes and controls are in place to provide full accountability for management and oversight of contracts, and*
- *to move to one departmental structure with consistent processes in lieu of operating under diverse procedures.*

Executive management accepted the workgroup's recommendation that functions related to programmatic contract management and contract monitoring be centralized in the divisions. The centralized plan will support consistent business practices related to the divisions' contracting requirements. The centralized structure will also allow the COS to work more proactively with program monitors in the divisions to conduct tandem reviews when feasible this fiscal year.

Implementation Date: *August 31, 2006*

Responsible Person: *Pat Goodman*

Department of Housing and Community Affairs

Reference No. 06-17
Allowable Costs/Cost Principles

CFDA 14.239 - HOME Investment Partnerships Program
Award year - July 1, 2004 to December 31, 2004 and January 1, 2005 to December 31, 2005
Award number - M04-SG48010C and M05-SG480100
Type of finding - Reportable Condition Control and Non-Compliance

Questioned Cost:	$217,026
U.S. Department of Housing and Urban Development	

The Code of Federal Regulations, Title 24, Subtitle A (4–1–05 Edition), Section 92.207 describes allowable administrative costs as such salaries, wages, and related costs of the participating jurisdiction's staff. In charging costs to this category the participating jurisdiction may include the entire salary, wages, and related costs allocable to the program of each person whose primary responsibilities with regard to the program involves program administration assignments.

In addition, OMB Circular A-87, attachment B, section 8H, requires that, where employees are expected to work solely on a single Federal award, charges for their salaries and wages will be supported by periodic certification 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.

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

- Reflect an after-the-fact distribution of the actual activity of each employee,
- Account for the total activity for which each employee is compensated,
- Are prepared at least monthly and coincide with the pay period,
- Are signed by the employee, and
- Budget estimates before the services are performed do not qualify as support for charges to Federal awards but may be used for interim purposes provided that at least quarterly, comparisons of actual costs to budgeted amounts are made and any adjustments are reflected in the amounts billed to the Federal program. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show that the differences between budgeted and actual costs are less than ten percent.

During the review of 34 of 50 payroll charges, no compliance issues were noted. Through other procedures, the Department of Housing and Community Affairs' (DHCA) noted they had five employees who have both general administrative duties and specific HOME program related duties for these five employees. As of August 31, 2005, these five employees had estimations of their time allocations maintained within the time and effort system and the HOME program was charged according to the proportioned budgets. Further for these five employees, there was no time and effort reporting performed and therefore, no reconciliation from the budgeted amount charged to the actual effort incurred. The total amount of salary and benefit costs allocated to the program for these five employees was $217,026 for the fiscal year.

Recommendation:

For all employees who charge directly to a specific program, DHCA should require those employees to submit support for the time allocated to a specific program via DHCA's time and effort system.

Management Response and Corrective Action Plan:

Starting September 1, 2005 (Fiscal Year 2006) management requires all employees that have both general administrative and specific HOME program related duties to enter and certify their time and effort. Following the certification, the actual effort incurred is reconciled to the budgeted amount charged and adjustments are entered into the accounting system.

Implementation Date: *September 1, 2005*

Responsible Person: *David Cervantes*

Reference No. 06-18

Reporting

CFDA 14.871 - Section 8 Housing Choice Vouchers
Award year - July 1, 2004 to December 31, 2004 and January 1, 2005 to December 31, 2005
Award number - TX-901VO and TX - 903VO
Type of finding - Non-Compliance

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

The Code of Federal Regulations, Title 24, Section 908 and 982.158 requires the Department of Housing and Community Affairs (the Department) to submit form HUD-50058, *Family Report (OMB No. 2577-0083)* electronically to Housing and Urban Development (HUD) each time the Department completes an admission, annual reexamination, interim examination, portability move-in, or other change of unit of a family. The Department must also submit the *Family Report* when a family ends participation in the program or moves out of the Departments' jurisdiction under portability.

The following line items contain critical information:

- Line 2a - *Type of Action*
- Line 2b - *Effective Date of Action*
- Line 3b, 3c - *Names*
- Line 3e - *Date of Birth*
- Line 3n - *Social Security Numbers*
- Line 5a - *Unit Address*
- Line 5h, 5i - *Unit Inspection Dates*
- Line 7i, - *Total Annual Income*
- Lines 2k and 17a - *Family's Participation in the Family Self Sufficiency (FSS) Program*
- Line 17k (2) - *FSS Account Balance*

For two of the 40 reports tested, a social security number for a dependent in the household was entered incorrectly into the Form HUD-50058. Therefore, HUD received incorrect tenant data. For one of the 40 reports tested, the tenants' live-in-aide was incorrectly included as a resident within the Form HUD-50058. Therefore, HUD received incorrect tenant data.

Recommendation:

The Department should be cognizant of the importance of reporting accurate information to HUD and should be consistent in ensuring that all information presented in the form HUD-50058 is adequately supported with documentation contained within the tenant's file.

Management Response and Corrective Action Plan:

The Quality Control checklist has been updated to include relation code verification. This will alert the Regional Coordinators as well Quality Control staff to verify relation codes on the 50058 form and thus avoid transmitting incorrect tenant data such as a Live-in Aide coded as a family member.

In addition, the Department will prepare a Policy Issuance to Local Operators (LO) instructing LOs to submit only legible copies of social security cards and other eligibility documents for all new admissions and contract renewals. Regional Coordinators will continue to review all eligibility documents for legibility as required by the Quality Control checklist.

Implementation Date: *January 20, 2005*

Responsible Person: *Cecelia Arvallo*

Reference No. 06-19

Special Tests and Provisions - Utility Allowance Schedule

CFDA 14.871 - Section 8 Housing Choice Vouchers
Award year - July 1, 2004 to December 31, 2004 and January 1, 2005 to December 31, 2005
Award number - TX-901VO and TX-903VO
Type of finding - Material Weakness Control and Scope Limitation

The Code of Federal Regulations, Title 24, section 982.517 requires the Department of Housing and Community Affairs (the Department) to maintain up-to-date utility allowance schedule. The Department must review utility rate data for each utility category each year and must adjust its utility allowance schedule if there has been a rate change of 10 percent or more for a utility category or fuel type since the last time the utility allowance schedule was revised.

Questioned Cost:	$ 668,918
U.S. Department of Housing and Urban Development	

KPMG reviewed the most recent Utility Allowance Technical Assistance Order Form/Agreements and Utility Allowance Schedules and noted that the updating of the Utility Allowance Schedules as of August 31, 2005 was 4.5 months over the annual review requirement. The 2004 utility allowance schedule was revised April 15, 2004 and was effective from April 15, 2004 through April 15, 2005. The 2005 utility allowance schedule will not be effective until December 1, 2005 and has a maturity date of December 31, 2006. Therefore, KPMG notes that the utility allowance schedule utilized from April 15, 2005 through the end of the year under audit August 31, 2005 was not reviewed and was not current. KPMG notes that the aggregate amount of the revised utility amounts that were determined by the Department from the outdated utility allowance schedules from April 16, 2005 through August 31, 2005 was $668,918.

Recommendation:

The Department should review each utility category each year and must adjust its utility allowance schedule if there has been a rate change of 10 percent or more for a utility category or fuel type.

Management Response and Corrective Action Plan:

The Departments Section 8 utility allowance (UA) expired April 15, 2005.The Department submitted a purchase request to The Nelrod Company to begin the departments Section 8 utility allowance Survey and Study in March 2005. The Department reviewed the Nelrod submission and requested changes. The Department received and approved a final update letter from Nelrod dated November 10, 2005. The Department has since adopted a new utility allowance and policy (HAP Policy Issuance #06-11.3) and forwarded to the field effective December 1, 2005.

In an email from HUD headquarters in Fort Worth, dated December 6, 2005, HUD agreed that the Department did not review the UAs within 12 months of the last review as required; however, HUD stated that the Department does not have to recalculate rent retroactively. Accordingly, the $668,918 of questioned cost is going to be accepted by HUD as an allowable cost based on our understanding with HUD. Furthermore, HUD has accepted the new UAs that will be effective for all new contracts and contract renewals on or after December 1, 2005.

The Department will also develop a Section 8 Utility Allowance Standard Operating Procedure to ensure that the Department annually reviews and adjusts utility allowances as required by the Code of Federal Regulations, Title 24, and Section 982.517.

Implementation Date: *February 28, 2006*

Responsible Person: *Cecelia Arvallo*

Reference No. 06-20
Allowable Costs/Cost Principles
(Prior Audit issue - 05-22)

CFDA 14.871 - Section 8 Housing Choice Vouchers
Award year - July 1, 2004 to December 31, 2004 and January 1, 2005 to December 31, 2005
Award number - TX-901VO and TX-903VO
Type of finding - Reportable Condition Control

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

The Department of Housing and Community Affairs (Department) Section 8 program relies on the use of their computer system, Genesis, to approve and process federal expenditures for payment. No compliance issues were noted during our review of 30 allowable cost transactions. The following items were noted:

- The Section 8 Regional Coordinators had access to the CAS8 menu in Genesis allowing them the capabilities to setup payment information. This access was removed on June 10, 2005.
- Within the accounting department, one employee had two user accounts to enter accounts payable vouchers, which was not in accordance with policy. An employee who had changed their last name and been issued a new access ID**.** The prior access ID was disabled on August 24, 2005. In addition, two programmer accounts had access to the production environment. One programmer account, which was disabled on August 24, 2005 was set-up to provide assistance on programming changes. The other programmer account was used to perform system administrative functions and is still used for that purpose and well as for promoting program changes. Given the limited staff, this account is shared by the PeopleSoft Administrator/Programmer and the backup PeopleSoft Administrator.
- The Department implemented software development procedures during fiscal year 2005. During the year, there was one change to user parameters which involved coding changes. This change was not formally documented as in accordance with the software development procedures as implemented by the Department.

Recommendation:

The Department should:

- Access to setup payment information should be limited to the Section 8 Project Managers who do not have the responsibility for approving vouchers for payment. Management should periodically review access to systems to determine if access is appropriately restricted.
- Inappropriate access should be disabled. The employee's duplicate account was disabled during field work, as was one of the two programmer accounts. Management should periodically review access to systems to determine if access is appropriately restricted. In addition, given the inherent limitations with limited staff, management should consider implementing a monitoring process to ensure program changes developed and implemented by the PeopleSoft Administrator/Programmer are properly reviewed for appropriateness and compliance with software development procedures.
- The Department should consistently follow their software development procedures for all changes and formally document the completion of those procedures.

Management Response and Corrective Action Plan:

- *Effective June 10, 2005, the Department blocked Section 8 Regional Coordinators' access to the Landlord and Family Vendor number entry located on the Rental Information screen in Genesis, thereby preventing Section 8 Regional Coordinator from setting up or changing vendor payment information. Also, effective June 10, 2005, only the Section 8 Financial Facilitator and Project Manager have access to set up or change vendor payment information. The Section 8 Project Manager will periodically review access to systems to determine if access continues to be appropriately restricted.*

- *The agency's standard operating procedure on user accounts and security (SOP 1264.01) requires user account administrators to perform audits of internal accounts twice a year. The PeopleSoft system administrator performed an account audit in May 2005. Although a password reset for the prior access ID was performed in advance of May 2005, it was not marked as inactive on the PeopleSoft account tracking spreadsheet. Management will ensure that user account administrators continue to perform account audits and will review the account audits to perform quality control.*

  The access rights and, accordingly, the ability to perform actions were identical for the employee that erroneously had an extra access ID due to a name change.
  Management will also ensure that the PeopleSoft system administrator, the software development manager, and accounting staff requesting changes complete and sign the Software Change Acceptance Form for all programming changes that are moved from the development environment to the production environment for PeopleSoft, in accordance with agency wide SOP 1264.08, "Requesting IS Services," and Information Systems Division SOP 264.24, "Software Deployment Procedures."

- *The Department made the change to user parameters on June 10, 2005, a month after putting SOP 264.24 into place. SOP 264.24 implemented a third-party process for monitoring the movement of programs into production environments. Although the Community Affairs Division submitted a work order for the change into the Department's help desk system, and the software development manager verbally approved the change, the software development manager did not formally sign-off on the change. The Department has since created agency wide SOP 1264.08 and the Software Change Acceptance Form. The Department will complete and sign the Software Change Acceptance Form for all programming changes that are moved from development to production environments, in accordance with SOPs 1264.08 and 264.24.*

Implementation Date: *Implemented*

Responsible Person: *David Cervantes, Eddie Fariss, Curtis Howe*

Juvenile Probation Commission

Reference No. 06-21
Subrecipient Monitoring
(Prior Audit Issue - 05-31)

CFDA 93.658 - Foster Care - Title IV-E
Award year - October 1, 2004 to September 30, 2005 and October 1, 2003 to September 30, 2004
Award number - G0501TX1401 and G0401TX1401
Type of finding - Reportable Condition Control and Non-Compliance

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

The Juvenile Probation Commission (JPC or TJPC) is required by OMB Circular A-133, section .400 to monitor subrecipients to ensure compliance with Federal rules and regulations, as well as the provisions of the contracts or grant agreements. JPC's subrecipient monitoring procedures include a risk assessment process, standardized contracts, training and technical assistance, program and financial monitoring and review of agreed-upon procedures reports required to be performed at the juvenile probation department level. JPC relies on the Department of Protective Services to determine eligibility and to set the reimbursement rates. JPC passes through a 100% of their Foster Care funds to subrecipients (i.e., Texas counties). During fiscal year 2005 there were approximately 164 counties that received foster care funds of $50,697,000 from JPC.

More specifically, JPC's subrecipient monitoring process includes:

- Yearly grant awards exist with each county along with an approved 2030 budget form that estimates the amount of foster care entitlement funds expected to be incurred for the fiscal year. The contract is used to communicate the CFDA information and applicable regulations.
- To receive enhanced administrative reimbursement, the county must also file an implementation plan that documents their indirect cost rate. JPC's fiscal personnel review the implementation plans for completeness and reasonableness of the indirect rate.
- Quarterly or monthly reimbursement requests from the counties are recalculated based on the applicable reimbursement rate by JPC personnel prior to approval for payment.
- Programmatic site visits are performed for counties that place children in the foster care program.
- There is a risk assessment process and the top 20 counties were selected for a financial desk review that includes review of payroll effort documentation, proper use of travel reimbursement rates, and allowability of expenses.
- JPC also requires an agreed upon procedures report from each county which includes provisions for the local auditor to review the accuracy of the fees paid to private service providers, the categorization of training costs into the appropriate categories, and the allowable expenses for direct and indirect categories. Also the agreed upon procedures report is to note if there are any findings related to the Foster Care program in the county's A133 report.

For the fiscal year 2005, the top 20 counties received a financial desk review. During fiscal year 2004, four of the top 10 counties received a financial monitoring visit and no financial reviews were performed for fiscal year 2003. As part of the desk reviews JPC selects expenditures for one quarter and requests invoices and payroll detail, including timesheets, to assess the allowability of expenditures.

JPC's monitoring process also relies heavily on the performance of the agreed upon procedures reports. The suggested procedures in the agreed-upon procedures polices and not specific enough to determine whether the respective auditors are selecting samples of invoices and timesheets to review for allowable costs. The agreed-upon procedures reports do include any foster care findings noted in the county's OMB Circular A-133 reports, however there is no follow-up by JPC for the findings and assessment of corrective action plans.

Additionally, JPC does not inquire whether the subrecipients expended $500,000 or more in federal funds to assess whether an OMB Circular A-133 report is required to be submitted to JPC.

Recommendation:

JPC should implement procedures to determine whether a subrecipient is required to have an OMB Circular A-133 audit report, to collect the required reports, and to issue management decisions. JPC should also consider the need to increase the amount of financial monitoring and/or to modify the agreed-upon procedures to be more specific.

Management Response and Corrective Action Plan:

TJPC's current policy requires each department to submit agreed upon procedures reports each fiscal year. If the report submitted discloses a schedule of findings and questioned costs relating to Title IV-E awards, the Grantee shall submit their single audit in accordance with OMB Circular A-133. The single audit shall include one copy of the reporting package to TJPC no later than six (6) months after the end of the audit period.

TJPC will revise this policy and shall request that each department (Grantee) receiving Title IV-E funding to submit their single audit in accordance with OMB Circular A-133. The Grantee shall have a single audit performed during the Grantee's fiscal year when the total of all federal awards is greater than $500,000. The reporting package shall include:

1) *Financial statements and schedule of expenditures of Federal awards;*
2) *Summary schedule of prior audit findings;*
3) *Auditor's reports(s); and*
4) *Corrective action plan.*

Each Grantee will submit their single audit to TJPC if federal awards are greater than $500,000 and this requirement shall be included as an amendment to the State financial Assistance Contract.

Implementation Date: *September 1, 2005 for the reporting period September 1, 2004 – August 31, 2005/Fiscal Year 2005*

Responsible Person: *Annie Collier*

Reference No. 06-22

Cash Management

CFDA 93.658 - Foster Care - Title IV-E
Award year - October 1, 2004 to September 30, 2005 and October 1, 2003 to September 30, 2004
Award number - G0501TX1401 and G0401TX1401
Type of finding - Non-Compliance

According to the Treasury-State agreement for the State of Texas, the Foster Care grant at the Juvenile Probation Commission (JPC or TJPC) is included in Subpart A of the 34 CFR Part 205, which implements the Cash Management Improvement Act. Under the State of Texas CMIA agreement with the Department of Treasury, the Foster Care program at JPC utilizes the pre-issuance funding technique which requires the calculation of a clearance pattern. The clearance pattern is calculated at Department of Family and Protective Services (DFPS) since DFPS is responsible for drawing the foster care funds from the federal government.

Questioned Cost: $ 0

U.S. Department of Health and Human Services

JPC receives Foster Care funds on a reimbursement basis from DFPS and passes through funds to the subrecipients. JPC's policy is to disburse funds to subrecipients within three business days of receiving the funds from DFPS. For fifteen out of forty subrecipients, it was noted that JPC is holding funds greater than three days before making payments to subrecipients. For these fifteen subrecipients, the average days from the date JPC received the funds from DFPS and the date JPC made the payments to the subrecipients are thirteen to twenty-one days. All fifteen exceptions occurred in the same quarter when training was being held for JPC staff.

Recommendation:

JPC should implement contingency procedures to ensure that funds are disbursed within three business days of receiving the funds from DFPS when the primary staff responsible for the task are absent from the office.

Management Response and Corrective Action Plan:

TJPC's policy is that funds will be disbursed to counties within three business days of receipt from DFPS. It was discovered in June that this had not occurred. The individual responsible for disbursing these funds had been out of the office for several days due to training and annual leave. When it was discovered that the funds had not been disbursed within the required timeframe, a meeting was held with the Title IV-E Fiscal Division to ensure that this did not occur in the future. The following procedures were implemented:

1. *The number of batches brought to DFPS would be limited to two a month: the 1st and the 15th of each month. This would allow more predictability in the time the money would be transferred to TJPC (usually within 3 weeks).*
2. *The policy and procedure would be revised to include safeguards for when staff will not be in the office.*
3. *The policy and procedure now requires staff that are expecting pass-through funds from DFPS to inform staff in order to disbursed funds to subrecipients in their absence.*

Implementation Date: *June 2005*

Responsible Person: *Pam Gereau*

Department of Public Safety

Reference No. 06-23
Cash Management

CFDA 97.039 - Hazard Mitigation Grants
Award year - see below
Award number - see below
Type of finding - Material Weakness Control and Material Non-Compliance

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

According to the Treasury-State Agreement for the State of Texas, the hazard mitigation grant is not included in Subpart A of 34 CFR, part 205, which implemented the Cash Management Improvement Act. Therefore the Department of Public Safety (DPS) should be complying with Subpart B, which applies to programs in the catalog of federal domestic assistance that are not subject to Subpart A. These standards state that "cash advances to a State shall be limited to the minimum amounts needed and shall be timed to be in accord only the actual, immediate cash requirement of the State in carrying out a program or project. The timing and amount of cash advances shall be as close as is administratively feasible to the actual cash outlay by the State for direct program costs and the proportionate share of allowable indirect costs. Neither a State nor the Federal government will incur an interest liability on the transfer of funds for a program subject to this Subpart." To define "administratively feasible", we reviewed correspondence from (FEMA) Federal Emergency Management Agency's Region VI director dated August 14, 2002, noting that seven days would be administratively feasible. The Hazard Mitigation grant is subject to Subpart B, as such there is no interest liability.

An adequate control does not exist to ensure funds are paid to jurisdictions within seven days of receipt of the cash draws from Department of Homeland Security. For 10 of the 40 hazard mitigation sample items selected for test work, the invoice was not paid within seven days of the receipt of the federal funds. For the exceptions noted above, the average days the funds were held in excess of seven days were 10.5 days. The total expenditures for the fiscal year were $36,089,481.

Disaster Number	Grant Number	Start Date
1257	996125773	October 18, 1998
1274	FEMA 1274-DR	October 18, 1998
1287	FEMA 1287-DR	October 18, 1998
1356	FEMA 1356-DR	April 24, 2001
1379	TX01HM1379	October 18, 1998
1425	FEMA 1425-DR	October 18, 1998
1434	TX02HM1434	October 18, 1998
1439	TX03HM1439	October 18, 1998
1479	TX03HM1479	October 18, 1998

Recommendation:

DPS should establish a control to ensure all invoices batched for a federal draw request are paid within seven days of receipt of the federal reimbursement.

Management Response and Corrective Action Plan:

We concur with these findings and recommendation. The Emergency Management Division's (EMD) Support Services Section has experienced more than a 50 percent personnel turnover in the last 18 months, which led to a substantial number of vacancies and problems in having sufficient personnel trained to make fund draws available at all times. This adversely affected our ability to meet the "administratively feasible" 7-day requirement. We have cross-trained three additional employees in preparing the paperwork for draws and one additional employee to make the actual draws. This should alleviate delays in payments due to the absence of qualified EMD employees. In addition, we have requested that that the Department of Public Safety's Accounting and Budget Control office provide a backup for the Accounts Payable staff member who is solely responsible for processing of EMD payment requests. The combination of these two actions should reduce the period from date of draw to date of payment disbursement.

Implementation Date: *Spring 2006*

Responsible Person: *Loren Behrens*

Reference No. 06-24

Reporting

CFDA 97.039 - Hazard Mitigation Grants
Award year - see below
Award number - see below
Type of finding - Reportable Condition Control and Non-Compliance

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

The Department of Public Safety (DPS) must report on a quarterly basis for each Federal Emergency Management Agency (FEMA) approved project a FEMA Form 20-10, *Financial Status Report* (OMB No. 3067-0206), per OMB A-133. A supervisor did review the report to ensure the report was complete as to the required information. Supporting documentation is not reviewed by management. Thirty-five (35) reports were filed during fiscal year 2005. Per review of all 35 reports, three reports filed for the quarter ended March 31, 2005, reported financial information for the quarter ended December 31, 2004.

The hazard mitigation grant has multiple grant subawards and award years as noted below:

Disaster Number	Grant Number	Start Date
1257	996125773	October 18, 1998
1274	FEMA 1274-DR	October 18, 1998
1287	FEMA 1287-DR	October 18, 1998
1356	FEMA 1356-DR	April 24, 2001
1379	TX01HM1379	October 18, 1998
1425	FEMA 1425-DR	October 18, 1998
1434	TX02HM1434	October 18, 1998
1439	TX03HM1439	October 18, 1998
1479	TX03HM1479	October 18, 1998

Recommendation:

DPS management should review supporting documentation for the reports submitted to ensure accurate reporting of expenditures.

Management Response and Corrective Action Plan:

We concur with this finding and recommendation. This was a procedural error by the individual responsible for preparing the 20-10 reports, who did not clear all cells in the form before updating them with current information. This individual has received remedial training and now clearly understands the importance of providing accurate and complete information in these reports. To ensure that this error is not repeated, the Support Services Supervising Auditor will review completed forms, together with supporting documentation, before expenditure reports are submitted to FEMA.

Implementation Date: *February to March 2006 (1st quarter 2006 20-10 reports)*

Responsible Person: *Loren Behrens*

Reference No. 06-25

Subrecipient Monitoring

CFDA 97.039 - Hazard Mitigation Grants
Award year - see below
Award number - see below
Type of finding - Reportable Condition Control and Non-Compliance

In accordance with 44 CFR 206.439(c), the Department of Public Safety (DPS) may not reimburse a subgrantee (i.e., subrecipient) for indirect costs. Indirect costs are only allowed to be reimbursed to the grantee (i.e., DPS) in accordance with the current indirect cost plan. Reimbursement to subrecipients are reviewed and approved by an authorized individual before being processes for payment to the subrecipient.

Questioned Cost:	$ 1,002
U.S. Department of Homeland Security	

For one of the 40 hazard mitigation sample items selected for test work, indirect costs in the amount of $1,002 had been submitted for payment by the subrecipient, approved for payment by DPS, and inappropriately paid by DPS. An additional one item of the 40 items was not approved for reimbursement prior to the processing of the payment to the subrecipient. No unallowable costs were noted.

The hazard mitigation grant has multiple grant subawards and award years as noted below:

Disaster Number	Grant Number	Start Date
1257	996125773	October 18, 1998
1274	FEMA 1274-DR	October 18, 1998
1287	FEMA 1287-DR	October 18, 1998
1356	FEMA 1356-DR	April 24, 2001
1379	TX01HM1379	October 18, 1998
1425	FEMA 1425-DR	October 18, 1998
1434	TX02HM1434	October 18, 1998
1439	TX03HM1439	October 18, 1998
1479	TX03HM1479	October 18, 1998

Recommendation:

DPS should ensure that all payments are properly reviewed for allowable costs prior to the processing of the payment to the subrecipient.

Management Response and Corrective Action Plan:

We concur with this finding and recommendation. The senior Hazard Mitigation program staff will provide training for EMD (Emergency Management Division) Mitigation Specialists in Austin and Houston on OMB Circular A-87, with emphasis on indirect costs not being allowable. A record of this training will be posted in the employees workcenter file. For the payment involved in this finding, $1,002 will be deducted from the applicant's administrative fee during the 1379 final audit.

Implementation Date: *February 2006*

Responsible Person: *Greg Pekar*

Department of State Health Services

Reference No. 06-26
Eligibility

CFDA 93.917- HIV Care Formula Grants
Award year - April 1, 2004 to March 31, 2005 and April 1, 2005 to March 31, 2006
Award number - 6 X07HA00054-14-02 and 6 X07HA00054-15-01
Type of finding - Non-Compliance

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

To be eligible to receive assistance in the form of therapeutics, an individual must have a medical diagnosis of HIV disease and be a low-income individual, as defined by the State (42 USC 300ff-26(b)).

For the selected and reviewed eligibility files, there was one recipient of 40 in which no file could be found to verify the eligibility of this individual for the HIV Care Formula Grants. We verified that a printed copy of the client's eligibility screens were placed in the THMP files as evidence of the client's eligibility for the services.

Recommendation:

DSHS should ensure that all eligibility documentation files are maintained for recipients receiving federal awards.

Management Response and Corrective Action Plan:

The application in question was one of over 20,000 hard copy client applications that the Texas HIV Medication Program (THMP) keeps in their files at any given time. THMP client applications are filed in order according to the unique client code assigned to each client upon their initial processing by the THMP. This client's application was evidently misfiled or misplaced during our Branch's move from one office space to another back in August 2005. In the meantime, the applicant's eligibility for our program is not in question as our weekly Medicaid match and subsequent online verification indicates that this client has active Texas Medicaid coverage. A printed copy of the client's eligibility screens was placed in the THMP files as a placeholder while awaiting the finding of the misfiled application. The clinic that originally submitted this application on behalf of the client has been notified that 1) either another copy of their original application is needed for our files, or 2) a new application must be completed and submitted after the client's next scheduled appointment.

Implementation Date: *January 31, 2006*

Responsible Person: *John Allen*

Reference No. 06-27
Reporting
(Prior Audit Issue - 05-08)

CFDA 93.917 –HIV Care Formula Grants
Award year - April 1, 2004 to March 31, 2005 and April 1, 2005 to March 31, 2006
Award number - 6 X07HA00054-14-02 and 6 X07HA00054-15-01
Type of finding - Non-Compliance

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

Per the grant agreement, the Department of State Health Services (DSHS) must account for all funds awarded in the contractual category in the fiscal year 2005 Title II application and notify Health Resources and Services Administration (HRSA) when it has completed reporting on its contracting process. The Consolidated List of Contracts and Subcontracts Report is due to HRSA within 60 days of award of contracts. The consolidated list of contracts must include the contractor/agency, full address, Employer Identification Number (EIN) number, whether or not the contractor is a minority provider, whether or not clients are services directly, service type, amount of contract and the overall total of budgets submitted with the list (per grant agreement between the State of Texas and HRSA).

A supervisor did review the report to ensure the correct information was submitted. However, there were various errors in the information submitted such as inaccurate EIN numbers and transposed EIN numbers.

Recommendation:

DSHS should correct the above noted discrepancies and resubmit the report.

Management Response and Corrective Action Plan:

The corrections to the various EIN numbers were made and the report was re-submitted to HRSA on November 15, 2005.

Implementation Date: *November 15, 2005*

Responsible Person: *Kathie Walden*

Reference No. 06-28
Reporting
(Prior Audit Issue - 05-13)

CFDA 93.268 - Immunization Grants
Award year - January 1, 2004 to December 31, 2004 and January 1, 2005 to December 31, 2005
Award number –CCH622571-02 and CCH622571-03
Type of finding - Reportable Condition Control

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

Per the grant agreement, the Department of State Health Services (DSHS) is required to submit a monthly Vaccine Inventory and Distribution Report to the federal government. DSHS' procedures did not include management review of the report and related supporting documentation until January 2005. The reports for November 2004 and March 2005 were selected for review and no errors were noted during testwork performed to agree report to supporting documentation.

Recommendation:

DSHS should continue to consistently review reports submitted to the Center for Disease Control (CDC) to ensure accurate reporting of inventory levels.

Management Response and Corrective Action Plan:

The system for calculating and reviewing the inventory reports was revamped based on recommendations of KPMG and the new process, implemented in January, utilizes an Excel spreadsheet from each of the two inventory locations (GIV and the Austin Pharmacy Branch).

The report is now sent for three levels of review: the Vaccine Services Group Manager, the Immunization Branch Manager, and the Austin-based CDC advisor. After each of the above has approved the inventory, it is sent to the CDC. This process happens on a monthly basis.

Implementation Date: *January 2005*

Responsible Person: *Karen Hess*

Reference No. 06-29

Cash Management

CFDA 93.667 - Social Services Block Grant
Award year - October 1, 2003 to September 30, 2004 and October 1, 2004 to September 30, 2005
Award number - G-0401TXSOSR and G-0501TXSOSR
Type of finding - Reportable Condition Control

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

According to the Treasury-State agreement for the State of Texas, the Social Service Block Grant at the Department of State Health Services (DSHS) is included in Subpart A of the 34 CFR Part 205, which implements the Cash Management Improvement Act. Under the State of Texas CMIA agreement with the Department of Treasury, the Social Service Block Grant program at DSHS utilizes the pre-issuance funding technique which requires the calculation of a clearance pattern. DSHS submits its draw requests to the Health and Human Services Commission (HHSC) since HHSC is responsible for drawing the funds from the federal government.

During test work, the following was noted:

- From September 2004 through April 2005, there was no evidence of review of the draw request from anyone other than the preparer.
- From May 2005 through September 2005, management did review the draw request but only after notification from HHSC of the federal deposit had been received.

The clearance pattern for fiscal year 2005 was determined to be reasonable based on the utilization of pre-issuance funding technique. Approximately $30,603,000 was drawn from the federal government for the Social Services Block Grant on behalf of DSHS during fiscal year 2005.

Recommendation:

DSHS should ensure that all cash draw requests, even those that DSHS submits to HHSC to perform the actual draw down, are reviewed by someone other than the preparer who is knowledgeable about the cash requirements of the grant. This review should be done prior to submitting the request to HHSC.

Management Response and Corrective Action Plan:

DSHS agrees that all cash draw down requests should be reviewed prior to submittal to include the Social Services Block Grant (SSBG) requests that are submitted through HHSC. As noted by the auditors, the DSHS's Cash Management Branch had previously implemented procedures to review all SSBG draw requests after notification had been received and the funds had been deposited. Based on the auditor's recommendation, the DSHS implemented new procedures, effective December 1, 2005, for management review of all draws prior to submitting the requests.

Implementation Date: *December 1, 2005*

Responsible Person: *Leslie Aguilar*

Reference No. 06-30

Special Tests and Provisions - Independent Peer Review

CFDA 93.959 - Block Grants for Prevention and Treatment of Substance Abuse
Award year - October 1, 2002 to September 20, 2004 and October 1, 2003 to September 30, 2005
Award number - 03B1TXSAPT-05 and 04B1TXSAPT-04
Type of finding - Reportable Condition Control and Non-Compliance

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

The Department of State Health Services (DSHS) must provide for independent peer reviews which assess the quality, appropriateness, and efficacy of treatment services provided to individuals. At least 5 percent of the entities providing services in Texas shall be reviewed. The entities reviewed shall be representative of the entities providing the services. DSHS shall ensure that the peer reviewers are independent by ensuring that the peer review does not involve reviewers reviewing their own programs and the peer review is not conducted as part of the licensing or certification process. (42 USC 300x-53(a): 45CFR section 96.136)

The selected entities for peer review were not representative of the entities providing services. Only Treatment Adult Services Providers were in the population to be selected for peer review, while there were also Methadone Treatment and Treatment Youth Service Providers in the program. At least 5% were selected and the peer reviewers were determined to be independent.

Recommendation:

DSHS should ensure that the entities reviewed shall be representative of the entities providing the services, which should include not only Adult Treatment Providers but all other active treatment providers.

Management Response and Corrective Action Plan:

Substance Abuse Program Services personnel will review the sampling plan prior to its implementation to assure that all treatment Program types are included in the random sampling process for the selection of providers to be reviewed for the Peer Review Quality Improvement Program (also known as the Independent Peer Review) to be accomplished each fiscal year.

Implementation Date: *January 1, 2006*

Responsible Person: *John Keppler MD*

Reference No. 06-31

Allowable Costs/Cost Principles

CFDA 93.977 - Preventive Health Services - Sexually Transmitted Diseases Control Grants
Award year - January 1, 2004 to December 31, 2004 and January 1, 2005 to December 31, 2005
Award number - CCH604349-13-11 and CCH604349-14
Type of finding - Non-Compliance

Questioned Cost: $1,704,000

U.S. Department of Health and Human Services

OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments", is applicable to all Federal awards received by the entity, regardless of whether the awards are received directly from the Federal Government or indirectly through a pass-through entity. The circular describes selected cost items, allowable and unallowable costs, and standard methodologies for calculating indirect costs rates.

In addition, specific allowable or unallowable expenditures are noted in the respective grant agreement. With regard to the Preventive Health Services – Sexually Transmitted Disease Control Grant certain medications purchased must be approved by the Center for Disease Control.

One out of 30 direct cost sample items reviewed was for a purchase of a medication that was not approved by the Center for Disease Control. The amount of the expenditure was $22,721. Total expenditures for this medication during fiscal year 2005 were approximately $1,704,000.

Recommendation:

Department of State Health Services (DSHS) should ensure that all expenditures made for medications receive proper approval from a Center for Disease Control representative before the expenditure occurs.

Management Response and Corrective Action Plan:

The program concurs with the auditor's recommendations. Effective immediately, all expenditures made with Preventive Health Services – Sexually Transmitted Disease Control Grant funds, specifically pertaining to medications, will receive proper approval in advance by the Center for Disease Control.

Implementation Date: *December 2, 2005*

Responsible Person: *Alicia Nelson*

Reference No. 06-32

Subrecipient Monitoring

CFDA 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance
Award year - August 31, 2004 to August 30, 2005
Award number - U90/CCU617001-05
Type of finding - Reportable Condition Control and Non-Compliance

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

Department of State Health Services (DSHS) passes through a significant amount of federal funds to subrecipients to carry out the objectives of the federal programs. DSHS is required by OMB Circular A-133, Section .400, to monitor subrecipients to ensure compliance with Federal rules and regulations, as well as the provisions of the contracts or grant agreements. DSHS' subrecipient monitoring procedures include a risk assessment process, technical assistance, program reviews, and financial monitoring and OMB Circular A-133 audit report reviews. When a program review is completed, the subrecipients are required to submit a corrective action plan to DSHS for the findings noted and DSHS is required to send letters of approval or rebuttal after the corrective action plan is reviewed.

Of a sample of 30 subrecipient selected for test work, the following was noted:

- For four subrecipients monitored, DSHS took between six to eight months after the site-visit to send out the initial monitoring report to inform the subrecipient of the findings discovered.
- For three out of these four subrecipients, it has been more than a year from the date of the site-visit and the necessary rebuttal letters for the subrecipients' corrective action plans have not been sent out

Total payments to these four subrecipients for fiscal year 2005 was approximately $4,642,000 of approximately $34,980,000 passed through to all subrecipients.

Recommendation:

DSHS should have policies which include a timeline and tracking mechanism for sending out the monitoring reports following a site-visit as well as for sending out the acceptance and rebuttal letters. This will ensure timely feedback and corrective actions on the part of DSHS and the subrecipient.

Management Response and Corrective Action Plan:

The Quality Assurance unit of the Community Preparedness Section of DSHS did have guidelines in place regarding timeframes for sending out monitoring reports and rebuttal letters. These, however, were not formalized or in writing. Because of the turnover in staff over the last year, these informal timeframes were not met. Formalized and written guidelines regarding timeframes for sending out monitoring reports and rebuttal letters have been put into place in the form of Standard Operating Procedures (SOPs). A tool for tracking due dates and timeframes for monitoring reports has been created. Periodically, SOPs and tools will be reviewed and updated as necessary.

Implementation Date: *January 1, 2006*

Responsible Person: *Pamela Davis Long*

Texas Cooperative Extension

Reference No. 06-33
Equipment and Real Property Management

CFDA 10.500 - Cooperative Extension Service
Award year - See below
Award number - See below
Type of finding - Material Weakness and Material Non-compliance

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

In accordance with 7 CFR section 3015.169, recipient procedures for managing equipment shall, as a minimum, meet the following requirements until such actions as transfer, replacement or disposal takes place: Property records shall be maintained accurately and shall include for each item of equipment the following:

- A description of the equipment including manufacturer's serial number.
- An identification number, such as the manufacturer's serial number.
- Identification of the grant under which the recipient acquired the equipment.
- The information needed to calculate the Federal share of the equipment.
- Acquisition date and unit acquisition cost.
- Location, use and condition of the equipment and the date the information was reported.
- All pertinent information on the ultimate transfer, replacement, or disposal of the equipment.

Texas Cooperative Extension (TCE) has various equipment items used throughout the state that are both maintained in offices as well as outside in parking lots and fields. The following were noted during equipment inventory inspections:

- In eight of 40 assets physically inspected, the asset tag number was missing from the equipment.
- In one of 40 assets physically inspected, the serial number on the equipment did not agree to the property ledger.
- In one of 40 assets physically inspected, the Vehicle Identification Number (VIN)/serial number recorded in the system could not be agreed to the equipment since the asset did not have a serial number and the description in the system was to vague to verify the asset.

Cooperative Extension Grant (CES) has multiple grant awards and award years. During fiscal year 2005 the following grant award years and grant award numbers, respectively, were open for the program:

- Award years: May 15, 2001 to May 14, 2006, October 1, 1998 to September 30, 1999, October 1, 1997 to September 30, 1998, October 1, 1996 to September 30, 1997, October 1, 1995 to September 30, 1996, October 1, 1992 to September 30, 1993, October 1, 1977 to September 30, 1978;

- Award numbers: 2001-45049-01149, FY1999 Smith-Lever Act CSREER-OD-1088-F, FY1998 Smith-Lever Act CSREER-OD-1088-F, FY1997 Smith-Lever Act CSREER-OD-1088-F, FY1996 Smith-Lever Act CSREER-OD-1088-F, FY1993 Smith-Lever Act CSREER-OD-1088-F, FY1978 Smith-Lever Act CSREER-OD-1088-F.

Recommendation:

TCE should ensure all assets are properly tagged at all times with visible asset numbers. TCE should also keep the equipment management system current and accurate with proper VIN/serial numbers and locations throughout the year to better track and maintain assets.

Management Response and Corrective Action Plan:

TCE will direct a review of all inventory items by units and respective accountable property officers to insure accuracy of VIN/serial numbers on equipment and provide directives to affix appropriate tagging of all items with assigned agency inventory numbers. A compliance review of such requirements will be a part of all unit Administrative Management Reviews conducted across the agency.

Implementation Date: *March 1, 2006*

Responsible Person: *Ms. Cyndie Michalak, Mr. Doyle Robertson*

Reference No. 06-34

Allowable Costs/Cost Principles

Major Program:

CFDA 10.500 - Cooperative Extension Service
Award year - see below
Award number - see below

Non-major Programs:

CFDA 10.001 - Agricultural Research - Basic and Applied Research
CFDA 10.025 - Plant and Animal Disease, Pest Control and Animal Care
CFDA 10.200 - Grants for Agricultural Research, Special Research Grants
CFDA 10.206 - Grants for Agricultural Research - Competitive Research Grants
CFDA 10.215 - Sustainable Agriculture Research and Education
CFDA 10.224 - Fund for Rural America - Research, Education and Extension Activities
CFDA 10.303 - Integrated Programs
CFDA 10.450 - Crop Insurance
CFDA 10.600 - Foreign Market Development Cooperator Program
CFDA 10.664 - Cooperative Forestry Assistance
CFDA 10.912 - Environmental Quality Incentives Program
CFDA 10.961 - Wildlife Habitat Incentive Program
CFDA 11.417 - Sea Grant Support
CFDA 11.419 - Coastal Zone Management Administration Awards
CFDA 12.100 - Aquatic Plant Control
CFDA 12.114 - Collaborative Research and Development
CFDA 12.300 - Basic and Applied Scientific Research
CFDA 15.504 - Water Reclamation and Reuse Program
CFDA 15.608 - Fish and Wildlife Management Assistance
CFDA 15.910 - National Natural Landmarks Program
CFDA 16.540 - Juvenile Justice and Delinquency Prevention - Allocation to States
CFDA 17.700 - Women's Special Employment Assistance
CFDA 66.419 - Water Pollution Control - State and Interstate Program Support
CFDA 66.456 - National Estuary Program
CFDA 66.460 - Nonpoint Source Implementation Grant
CFDA 66.509 - Science to Achieve Results (STAR) Research Program
CFDA 66.606 - Surveys, Studies, Investigations and Special Purpose Grants
CFDA 66.714 - Pesticide Environmental Stewardship - Regional Grants
CFDA 81.117 - Energy Efficiency and Renewable Energy Information Disseminator
CFDA 84.186 - Safe and Drug-Free Schools and Communities
CFDA 93.051 - Alzheimer's Disease Demonstration Grants to States
CFDA 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance
CFDA 93.969 - Geriatric Education Centers
CFDA 93.988 - Cooperative Agreement for State-Based Diabetes Control Programs
Food Stamp Cluster
Highway Safety Cluster
Aging Cluster

Type of finding - Reportable Condition Control

According to OMB Circular A-21, negotiated rates shall be accepted by all Federal agencies. Only under special circumstances, when required by law or regulation, may an agency use a rate different from the negotiated rate for a class of sponsored agreements or a single sponsored agreement. Grantees are required to take the lesser of the following amounts (1) the Federally approved negotiated indirect cost rate and base, or (2) the limit identified in the statutory language of the grant per Article 3 of the Cooperative State Research, Education, and Extension Service (CSREES) Federal Demonstration Partnership III Agency – Specific Terms and Conditions. Educational institutions are required to use the simplified method for calculating F&A rates. F&A cost pool consists of direct expenditure bases exclusive of capital items and other costs specifically identified as unallowable such as general administration and related expenses, operation and maintenance of physical plant and related depreciation, library, department administration expenses, etc.

Questioned Cost: $ 0

U.S. Department of Agriculture
U.S. Department of Commerce
U.S. Department of Defense
U.S. Department of Interior
U.S. Department of Justice
U.S. Department of Labor
U.S. Department of Transportation
Environmental Protection Agency
U.S. Department of Energy
U.S. Department of Education
U.S. Department of Health and Human Services

Texas Cooperative Extension (TCE) calculates indirect costs uses an indirect costs rate table for each project/grant. The table's access is not appropriately restricted in the FAMIS system thereby allowing programmers access to modify the expense accounts included and exempt from the indirect cost base calculation. There are currently nine people in the FAMIS support group who have access to the table, six of whom are programmers. There are no mitigating controls in place to prevent or detect inappropriate changes to the table. Four monthly indirect cost calculations were selected for test work. The rates and the expense accounts utilized per the system table were agreed to their respective grant awards noting the rates agreed and the expense accounts included in the base were accurate.

Cooperative Extension Grant (CES) has multiple grant awards and award years. During fiscal year 2005 the following grant award years and grant award numbers, respectively, were open for the program:

- Award years: March 15, 2005 to March 14, 2006, September 15, 2004 to September 14, 2005, May 15, 2001 to May 14, 2006, September 15, 2001 to September 14, 2006, September 15, 2001 to September 14, 2006, June 1, 2001 to May 31, 2006, September 15, 2001 to September 14, 2006, October 1, 2004 to September 30, 2005, October 1, 2004 to September 30, 2005, October 1, 2004 to September 30, 2005;
- Award numbers: 2005-48623-03157, subaward S03046, 2001-45049-01149, 2001-48112-01270, 2001-48112-01270, 2001-48307-01171, 2001-49200-01238, FY2005 Smith-Lever Act CSREER-OD-1088-F, FY2005 Pesticide Safety, and FY2005 CSRS.

Recommendation:

TCE programmers' access to the FAMIS production environment should be disabled; access to FAMIS production tables should be restricted to appropriate personnel; and all changes to data or programs made in FAMIS by employees should be logged and monitored.

Management Response and Corrective Action Plan:

TCE contacted the Texas A&M University System Office of Budgeting and Accounting with the concern and they promptly corrected the accessibility of the programmers to edit the indirect cost table.

Implementation Date: *January 9, 2006*

Responsible Person: *Diane Gilliland and B.J. Crai*

Texas Engineering Extension Service

Reference No. 06-35

Allowable Costs/Cost Principles

Major Program:

Homeland Security Cluster
CFDA 16.008 - State and Local Domestic Preparedness Training Program
Award year - see below
Award number - see below

Non-major Programs:

CFDA 11.303 - Economic Development Technical Assistance
CFDA 11.611 - Manufacturing Extension Partnership
CFDA 12.110 - Planning Assistance to States
CFDA 12.800 - Air Force Defense Research Sciences Program
CFDA 12.910 - Research and Technical Development
CFDA 16.565 - National Institute of Justice Domestic Anti-Terrorism Tech Development
CFDA 17.502 - Occupational Safety and Health - Susan Harwood Training Grants
CFDA 43.002 - Technology Utilization
CFDA 66.463 - Water Quality Cooperative Agreements
CFDA 66.467 - Wastewater Operator Training Grant Program
CFDA 66.478 - Water Security Training and Technical Assistance Grant Program
CFDA 66.606 - Surveys, Studies, Investigations and Special Purpose Grants
CFDA 66.931 - EPA - Financial Assistance
CFDA 83.526 & 97.025 - National Urban Search and Rescue (US&R) Response System
CFDA 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance
CFDA 97.007 - Homeland Security Preparedness Technical Assistance
CFDA 97.043 - State Fire Training Systems
Public Works and Economic Development Cluster
Urban Areas Security Initiative Cluster
Employment Service Cluster
Highway Safety Cluster

Type of finding - Reportable Condition Control

Questioned Cost: $ 0

U.S. Department of Commerce
U.S. Department of Defense
U.S. Department of Justice
U.S. Department of Labor
U.S. Department of Transportation
National Aeronautics and Space Administration
Environmental Protection Agency
U.S. Department of Health and Human Services
U.S. Department of Homeland Security

According to OMB Circular A-21, negotiated rates shall be accepted by all Federal agencies. Only under special circumstances, when required by law or regulation, may an agency use a rate different from the negotiated rate for a class of sponsored agreements or a single sponsored agreement. Educational institutions are required to use the simplified method for calculating F&A rates. F&A cost pool consists of direct expenditure bases exclusive of capital items and other costs specifically identified as unallowable such as general administration and related expenses, operation and maintenance of physical plant and related depreciation, library, department administration expenses, etc.

Texas Engineering Extension Service (TEEX) calculates indirect costs using an indirect costs rate table for each project/grant. The table's access is not appropriately restricted from systems analysts in the Masterpiece system thereby allowing them to modify the expense codes included and excluded from the indirect cost base calculation as well as the indirect cost rates. There are currently four people who have access to the table, two of whom are systems analysts, and two of whom are financial office staff. There is a mitigating control in place to prevent or detect inappropriate changes to these tables; the system records all changes made by user name and timestamp, however no formal review of those system logs occur. Forty-four account's/task's monthly indirect cost calculations related to Homeland Security Cluster, 41 related to State and Local Domestic Preparedness Training Program, and seven related to non-major programs (total of 92) were selected for test work. The rates and the expense codes utilized per the system table agreed with their respective grant awards and were accurate.

Homeland Security Cluster and the State and Local Domestic Preparedness Training Program have multiple grant awards and award years. During fiscal year 2005 the following grant award years and grant award numbers, respectively, were open for each program: Award years: October 1, 2003 to December 31, 2004, May 20, 2002 to May 19, 2005, August 1, 2002 to October 31, 2005, May 1, 2003 to October 31, 2005, April 1, 2003 to March 31, 2006, December 1, 2003 to November 30, 2005, October 1, 2004 to March 31, 2007, and May 1, 2003 to October 30, 2005 for Homeland Security Cluster and July 1, 2000 to October 31, 2005, May 1, 2004 to September 30, 2005, January 1, 2000 to April 30, 2006, September 1, 2002 to March 31, 2006, September 1, 2002 to August 31, 2005, and July 1, 2002 to December 30, 2005 for State and Local Domestic Preparedness Training Program.

Award numbers: 2003-TK-T-0002, 2002-TE-CX-0074, 2002-TE-CX-0116, 2003-MU-T3-0020, 2003-TE-TX-0174, 2004-GE-T4-0015, 2005-GE-T5-0025, and 2003-MU-T3-0020 for Homeland Security Cluster and 2000-TG-CX-K001, subaward #39067, 2000-LF-CX-0002, 2003-GT-CX-K002, 2003-GT-CX-K006, and 2002-GT-CX-K003 for State and Local Domestic Preparedness Training Program.

Recommendation:

The systems analysts' update access to the Masterpiece production environment should be limited, with the Masterpiece software package. Additionally, a formal review of the system log for the appropriateness of changes to the indirect cost tables should be initiated.

Management Response and Corrective Action Plan:

TEEX will limit the systems analysts' update access to the Masterpiece production environment by creating a new profile in the Masterpiece software package. Additionally, TEEX will initiate a formal review of the system log for the appropriateness of changes to the indirect cost tables.

Implementation Date: *March 1, 2006*

Responsible Person: *Rick McCreary*

Reference No. 06-36

Period of Availability

Homeland Security Cluster
Award year - October 1, 2003 to December 31, 2004
Award number - 2003-TK-TX-0002
Type of finding - Non-Compliance

Questioned Cost: $103,451*

U.S. Department of Homeland Security

Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period. Furthermore, a grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation) to coincide with the submission of the annual Financial Status Report. The Federal agency may extend this deadline at the request of the grantee. *(28 CFR 66.23)*

For one out of 40 expenditures tested, the transaction was processed and received after the grant's closing date. A purchase order was provided to the Texas A&M University (TAMU) Purchasing department prior to December's 2004 winter break; however, the actual purchase order was not sent out to the vendor until February 2005 which is after the grant's closing date.

* This amount contains the $85,693 in questioned costs from the Reporting finding 06-37.

Recommendation:

TEEX should ensure expenditures are not charged or obligated outside of the grant's period of availability, unless formal authorization is obtained from the granting agency.

Management Response and Corrective Action Plan:

TEEX is committed to complying with the grant conditions of the sponsors and the associated fiduciary responsibilities. To further enhance this commitment, TEEX will establish a procedure of freezing grant accounts in our Masterpiece accounting system within thirty days of the ending date of that grant.

Implementation Date: *April 1, 2006*

Responsible Person: *Brian Stipe*

Reference No. 06-37

Reporting

Homeland Security Cluster
Award year - October 1, 2003 to December 31, 2004
Award number - 2003-TK-TX-0002
Type of finding - Non-Compliance

Questioned Cost: $85,693*
U.S. Department of Homeland Security

In accordance with 28 CFR section 66.41, each grantee will report program outlays and program income on a cash or accrual basis as prescribed by the awarding agency. If the Federal agency requires accrual information and the grantee's accounting records are not normally kept on the accrual basis, the grantee shall not be required to convert its accounting system but shall develop such accrual information through and analysis of the documentation on hand.

Texas Engineering Extension Service (TEEX) reports their program outlay on a cash basis in accordance with their records and the requirements noted above. For one out of 30 reports selected for testing, the expenditure included in the report was not consistent with the cash accounting basis. TEEX was filing its finalized SF-269 for this grant and included $85,693 in the expenditures for invoices that were still outstanding. The funding for these expenditures was already drawn in order to close out the grant.

*This amount is contained in the $103,541 in questioned costs from the Period of Availability finding 06-36.

Recommendation:

TEEX should ensure program outlays included in the filed reports are only those already paid out (i.e., cash basis) and therefore in compliance with the required cash accounting basis.

Management Response and Corrective Action Plan:

TEEX agrees with this recommendation and will enhance the level of review to provide additional assurance of the accuracy of the reports filed. Additionally, a certification will be added to the supporting documentation of the reports submitted by TEEX Divisions. This will be a signed certification by the Division's Business Manager to the CFO that the submitted information is true and correct.

Implementation Date: *April 1, 2006*

Responsible Person: *Brian Stipe*

Reference No. 06-38

Subrecipient Monitoring

(Prior Audit Issue - 05-42)

Major Program:

Homeland Security Cluster

Award year - August 1, 2002 to October 31, 2005; April 1, 2003 to March 31, 2006; May 1, 2003 to October 31, 2005; and December 1, 2003 to November 30, 2005

Award number - 2002-TE-CX-0116, 2003-TE-TX-0174, 2003-MU-T3-0020, and 2004-GE-T4-0015

Non-major Program:

CFDA 97.008 - Urban Areas Security Initiative

Type of finding - Reportable Condition Control and Non-Compliance

Questioned Cost: $3,542

U.S. Department of Homeland Security

The Texas Engineering Extension Service (TEEX) 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. Some of these regulations are to identify to the subrecipient the Federal award information and applicable compliance requirements, obtain certifications from subrecipients stating they are not suspended or debarred, manage the day-to-day operations of grant and subgrant supported activities by monitoring subgrants to assure compliance with applicable Federal requirements, and ensure required A-133 audits are performed and the subrecipient takes prompt corrective action on any audit findings.

TEEX's subrecipient awarding and monitoring procedures include a standardized subaward agreement, risk assessment process, technical assistance and financial monitoring. According to OMB Circular A-133, TEEX must identify the following Federal award information to the subrecipients: CFDA title and number, award name, name of Federal agency, and applicable compliance requirements (e.g., allowable costs, cash management basis, equipment monitoring, period of availability, reporting, procurement, suspension and debarment certification from both the subrecipients and for purchases made/subawards granted from vendors by the subrecipients). TEEX must ensure the subrecipient is not suspended or debarred either, (a) include the certification clause in the award agreement, (b) obtain written certification, or (c) verify compliance by checking the *Excluded Parties List System (EPLS)*, maintained by the General Services Administration). Additionally, TEEX must assure that subrecipients expending federal funds in excess of $500,000 have an OMB Circular A-133 single audit performed and provide a copy to TEEX which should include any necessary management corrective actions. TEEX is then required to issue a management decision within six months of receipt of the report and to follow up on the subrecipients planned corrective action. Financial monitoring includes ensuring expenditures incurred and reimbursed to subrecipients are allowable and in accordance with grant guidelines.

TEEX passes through a significant amount of Federal funds to subrecipients. During fiscal year 2005 there were approximately 1,226 subrecipients that received homeland security funds from TEEX. The following were noted regarding subrecipient monitoring:

- In 15 of the 50 items sampled, TEEX did not include the CFDA number in the standard contract. All contracts were originated prior to March 2004 and TEEX was unable to inform subgrantees prior to their September 2005 deadline for correction of deficiencies due to the State of Texas changing the State Administration Agency (SAA) from TEEX to the Governor's Office in May 2005.
- In all 50 of the 50 items sampled (all issued prior to December 2004), TEEX did not ensure the subrecipient was not suspended or debarred. TEEX was unable to obtain certifications from subgrantees prior to their September 2005 deadline for correction of deficiencies due to the State of Texas changing the State Administration Agency (SAA) from TEEX to the Governor's Office in May 2005. Per review of EPLS, the vendors were not found to be suspended or debarred.
- In one of the 50 items sampled, the invoice voucher for $2,833 selected for test work was recorded to an incorrect grant. This voucher was corrected and charged to the correct grant in FY06.
- During TEEX's site visits, four subrecipients were noted to have disallowed costs of $3,542 that were not paid back to TEEX, reduced in future payments to the subrecipients or removed from TEEX's schedule of federal awards prior to fiscal year end.

In addition to the program noted above, TEEX's State Administration Agency (SAA) also handles subrecipient monitoring for Homeland Security funding paid to 47 subrecipients under the Urban Areas Security Initiative (UASI). As a result of SAA also monitoring UASI's subrecipients, the first two findings noted above are extended to the funds expended for UASI during fiscal year 2005.

Total payments to subrecipients charged to the major and non-major programs for fiscal year 2005 were:

Federal Program		Amount Charged to the Federal Program
CFDA 16.007	$	69,951,374
CFDA 97.004		54,462,535
CFDA 97.067		6,485,940
CFDA 16.011		4,894,940
CFDA 97.008		3,965,869
Total	$	139,760,658

Recommendation

TEEX should ensure subrecipients with agreements issued prior to March 2004 (that are not already closed out) are notified of the agreement's CFDA title and number for proper reporting on the subrecipient's Schedule of Expenditures of Federal Awards. Similarly, TEEX should ensure subrecipients with agreements issued prior to December 2004 (that are not already closed out) are in compliance with suspension and debarment requirements through their established policy of obtaining certifications from the subrecipient, as noted in a clause in the revised subrecipient agreements.

TEEX should monitor the posting of expenditures are to ensure accurate tracking of expenditures for each award granted. Also, TEEX should establish a policy to remove/adjust disallowed costs noted during site visits.

Management Response and Corrective Action Plan:

All subreceipient agreements are closed or are in the process of closing. TEEX will ensure that the correct CFDA number is included in closing documents to the subrecipients. If TEEX issues any new subrecipient agreements in the process of finalizing the grants, they will be in accordance with the revised format that includes the certifications regarding suspension and disbarment.

All disallowed costs found during the TEEX monitoring visits have been reimbursed by the subrecipients involved in accordance with the existing policy of notification to the subrecipient, and establishing a receivable for the reimbursement. Adjustments have been made to reimburse the sponsor for these disallowed costs.

Implementation Date: *April 1, 2006*

Responsible Person: *Brian Stipe*

Texas Workforce Commission

Reference No. 06-39
Eligibility

CFDA 17.245 - Trade Adjustment Assistance - Workers
Award year - October 1, 2004 to September 30, 2005
Award number - TA-14408-05-55; UI-14463-05-55
Type of finding - Non-Compliance

Reformed Trade Adjustment Assistance (TAA) Eligibility:

Questioned Cost: $17,556
U.S. Department of Labor

For reformed TAA to be eligible for training and other reemployment services, an individual must meet all of the following (29 CFR section 90.16):

(a) Be an adversely affected worker covered under a Department of Labor (DOL) certification for which the petition was filed on or after November 4, 2002, as indicated by a petition number of TA-W-50,000 or above.

(b) Have a qualifying separation which occurred (i) on or after the impact date specified in the certification as the beginning of the import caused unemployment or underemployment and (ii) before the expiration of the two-year period beginning on the date on which the Secretary of Labor issued the certification for his or her group or, if earlier, before the termination date, if any, specified in the certification.

For one of 30 participants selected for review, the separation date of November 5, 2001 was before the impact date of November 23, 2001. Per review of the participant's history, the employer originally provided a separation date that was after the impact date. The employer originally provided Texas Workforce Commission (TWC) the date of the worker's last pay check instead of the last day of employment. On May 27, 2004, the employer provided the correct data to TWC. The TAA information was updated and the participant became ineligible. TWC procedures are to manual notify the trade readjustment allowances (TRA) department so the benefits can be adjusted. For this one participant, the manual notification was not performed. The participant received an overpayment of $17,245.

TRA Eligibility:

TRA becomes payable to eligible claimants only after they have exhausted their entitlement to regular unemployment compensation benefits, including extended benefits, if applicable. (20 CFR section 617.11) For one of 30 participants reviewed, they were overpaid $311 because their benefits were one week longer than they were entitled. The overpayment occurred because the TRA screener overlooked the updated information. (i.e. human oversight)

Recommendation:

TWC should ensure all personnel are adequately trained as the importance of the manual notifications to TRA and that TRA information is updated and utilized on a timely basis.

Management Response and Corrective Action Plan:

Reformed Trade Adjustment Assistance (TAA) Eligibility:

Once all the separation facts were presented under oath, the appeals outcome determined that the participant did not receive $17,245 in error. On December 10, 2005, the Appeals Tribunal reversed the ineligibility and held that the participant was eligible for the benefits paid to him.

Originally the employer submitted data to the TAA unit indicating that the claimant was eligible for Trade assistance. This information was correctly entered into the TWIST system. About six months later, the employer sent "corrected" information to the TAA unit that made the claimant ineligible. The new information making the claimant ineligible was entered into the TWIST system. New staff in the TAA unit failed to inform the TRA Unit about the change, and the claimant incurred an overpayment.

All staff in both the TAA and TRA units were trained in the importance of sharing apparent discrepancies and new information obtained from any source. Communication has greatly improved. Management from TRA and TAA will review the automated process of flow of information from TWIST to the UI automated system to determine if automation to flag changes transmitted from one system to the other is possible and cost effective.

Implementation Date: *September 6, 2005*

Responsible Person: *Dave Smith and Mimi Purnell*

TRA Eligibility:

Management will examine the process of updating TWIST information timely and communicate appropriately with the Workforce Boards. The TRA supervisor will continue to review errors with individual TRA screeners. The TRA supervisor will continue to review new information with all TRA screeners at monthly unit meetings and will also continue to disburse pertinent information through e-mail to all screeners. An additional 100 claim certifications will be reviewed monthly and the results will be discussed at the monthly training session.

Implementation Date: *December 2005: TRA supervision began reviewing more claim certifications and continuing monthly. The process of monthly meetings and e-mail distributions continues.*

January 2006: Another management report is being reviewed daily. The report is automatically produced by TWIST and a TRA examiner reviews the list for changes in the petition. This measure should enhance the e-mail process to ensure that TRA is aware of any new information from employers.

Responsible Person: *Donna Gantt*

Reference No. 06-40

Reporting

CFDA 17.245 - Trade Adjustment Assistance - Workers
Award year - October 1, 2004 to September 30, 2005
Award number - TA-14408-05-55; UI-14463-05-55
Type of finding - Reportable Condition Control and Non-Compliance

Questioned Cost:	$0
U.S. Department of Labor	

Texas Workforce Commission (TWC) is required to submit the special report, ETA 563, *Quarterly Determinations, Allowance Activities and Reemployment Services Under the Trade Act (OMB No. 1205-0016)* on a quarterly basis. The report includes details of the quarterly activities for each petition in the state (20 CFR section 617.57; 29 CFR section 97.40).

Twenty petitions were selected for detail review from the December 2004 and March 2005 ETA563 reports, for a total of forty petitions. Upon examination of the December 2004 ETA563 report, the following was noted:

- The Quarterly Training Completed Quantity column did not agree to supporting documentation for eight of 20 petitions reviewed.
- The Job Referral Received Quantity column did not agree to supporting documentation for one of the 20 petitions reviewed.

Recommendation:

TWC should maintain adequate supporting documentation for their submitted ETA563 reports.

Management Response and Corrective Action Plan:

The ETA563 Report for the period that ended on December 31, 2004 was the first ETA563 generated by TWIST after the conversion of records in October 2004. Because TWIST is a "live" system, the files used as supporting documentation were run approximately 12 days after the ETA563 was produced. TWIST has initiated changes to produce files used as supporting documentation at the same time that the 563 is produced. The coding for the TWIST change is being written. We are testing a temporary fix while writing the permanent change.

Implementation Date: *July 31, 2006 (for the permanent change in TWIST)*

Responsible Person: *Dave Smith and Mimi Purnell*

Section 3b:

Federal Award Findings and Questioned Costs - Other Auditors

This section identifies reportable conditions, material weaknesses, and instances of noncompliance, including questioned costs, as required to be reported by *Office of Management and Budget Circular A-133*, Section .510(a). This section reports on the major programs Student Financial Assistance Cluster and Research and Development Cluster, audited by other auditors.

Tarleton State University

Reference No. 06-41

Special Tests and Provisions - Disbursements To or On Behalf of Students

Student Financial Assistance Cluster
Award year - July 1, 2004 to June 30, 2005
Award number - Not applicable for CFDA 84.032
Type of finding - Reportable Condition Control and Material Non-Compliance

Questioned Cost: $0

U.S. Department of Education

If an institution credits a student's account at the institution with Federal Perkins Loan (FPL) or Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account at the institution, the institution must notify the student or parent of (1) the date and amount of the disbursement; (2) the student's or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan or loan disbursement; and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement on FFELP applies only if the funds are disbursed by electronic funds transfer (EFT) payment or master check. The notification can be in writing or electronic (per Title 34, Code of Federal Regulations, Section 668.165).

Tarleton State University (University) sends a general notice electronically at the beginning of each term to all students receiving financial aid. This notice instructs students to review their individual accounts online for details regarding their awards and the dates and amounts of disbursements. However, the information provided when students access their accounts does not include notification of the right to cancel loans or disbursements and the procedures and time line for doing so.

For the award year 2004–2005, the University disbursed $30,735,871.88 through EFT payment for which the required notifications were not sent. The University did not make any disbursements by master check. The University does not participate in the Perkins Loan program.

Recommendation:

The University should implement a process for ensuring that required notifications are provided to students and parents.

Management Response and Corrective Action Plan:

Tarleton State University has reviewed the issue and proposed recommendation, and as a result, will revise its current process. All students receiving financial aid will electronically receive a General Notice at the beginning of each term which advises students of their rights to cancel loans or disbursements. Also included in the mass General Notice will be an explanation of the procedure.

Tarleton State University will update Banner Web, which is where all students can go to review their individual account information for details regarding their financial aid awards. Each student will be provided the following: (1) dates and amounts of disbursements, (2) notification of their right to cancel loans or disbursements, (3) procedures and timeline for cancelling loans or disbursements, and (4) a link to the Loan Cancellation Form, which will provide easy access and submission to the Financial Aid Office.

Implementation Date: *May 2006*

Responsible Person: *Betty Murray*

Texas A&M University – College Station

Reference No. 06-42

Special Tests and Provisions - Disbursements To or On Behalf of Students

Student Financial Assistance Cluster
Award year - July 1, 2004 to June 30, 2005
Award number - Not applicable for CFDA 84.032 and CFDA 84.038; CFDA 84.063 P063J045286
Type of finding - Reportable Condition Control and Non-Compliance

Notification to Student or Parents When Crediting a Student's Account

Questioned Cost: $0

U.S. Department of Education

If an institution credits a student's account at the institution with Federal Perkins Loan (FPL) or Federal Family Education Loans (FFEL), no earlier than 30 days before and no later than 30 days after crediting the student's account at the institution, the institution must notify the student or parent of (1) the date and amount of the disbursement; (2) the student's right, or parent's right, to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan; and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. This requirement for FFEL loans applies only if the funds are disbursed by electronic funds transfer or master check. The notification can be in writing or electronic (per Title 34, Code of Federal Regulations, Section 668.165). For 3 (8.11 percent) of 37 students tested, Texas A&M University – College Station (University) did not notify the students within 30 days that loan funds were being credited to their accounts. The three exceptions pertained to Federal Perkins Loans.

Notification to Student or Parents Regarding Amount of Funds Received

An institution also must notify a student of the amount of funds the student and his or her parent can expect to receive from each federal student assistance program and how and when those funds will be disbursed. According to the *Federal Student Aid Handbook*, this notification must be sent before the disbursement is made. For 1 (2.5 percent) of 40 students tested, the University did not send the award letter prior to disbursing funds.

The University awarded $121,070,363 and $5,190,524.86 in FFEL and Perkins loans, respectively, to students during 2004-2005 per the Schedule of Expenditures of Federal Awards.

Recommendations:

The University should:

- Implement a process for ensuring that it sends all required notifications and maintains documentation of these notifications.
- Ensure that it sends award letters prior to disbursing funds.

Management Response and Corrective Action Plan:

With regard to the first issue, this was the result of a "glitch" in programming for the notification process and was resolved with programming adjustments in February 2005. Students now receive all required notifications within the specified time frame.

Implementation Date: *February 2005*

Responsible Person: *Bob Piwonka*

With regard to the second issue on notification of students regarding amount of funds expected to be received, we concur with the finding. The notification was not sent for parent loan recipients when the student did not also apply for financial aid through the FAFSA. The university will add a step into the process of certifying parent loans to send a notification to the student of the amounts to be received and the dates of the expected disbursements. This notification will be sent using the student's email account and will be noted in the Student Information Management System (SIMS).

Implementation Date: *February 2006*

Responsible Person: *Joseph P. Pettibon II*

Reference No. 06-43

Special Tests and Provisions - Return of Title IV Funds

Student Financial Assistance Cluster
Award year - July 1, 2004 to June 30, 2005
Award number - Not Applicable for CFDA 84.032
Type of finding - Reportable Condition Control and Non-Compliance

Questioned Cost: $ 4,571

U.S. Department of Education

When a student who receives Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the student began attendance, the institution must determine the amount of Title IV assistance the student earned as of the withdrawal date. If the total amount of Title IV assistance earned is less than the amount that was disbursed 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 (per Title 34, Code of Federal Regulations, Section 668.22[a][1]–[3]).

The amount of financial assistance earned is based on the percentage of the payment period completed multiplied by the amount of aid received. 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 (per Title 34, Code of Federal Regulations, Section 668.22[e]).

The payment period basis is used for students who attended standard, term-based educational programs (per Title 34, Code of Federal Regulations, Section 668.22[e][5]). The total number of calendar days in a payment period includes all days within the period, except that scheduled breaks of at least five consecutive days or approved leaves of absence are excluded from the total number of calendar days (per Title 34, Code of Federal Regulations, Section 668.22[f]).

Texas A&M University - College Station (University) defined the payment period for fall 2004 and spring 2005 as the first class day through the last final exam day. However, for the 2005 summer I, summer II, and 10-week summer terms, the University defined the payment period as the first class day through the last class day, leaving out the final exam days. Because of the shorter payment periods for the summer terms, the withdrawal dates for ten students were greater than or equal to 60 percent of the payment period, so the students earned 100 percent of the Title IV assistance received. If the exam days had been included, the students would have earned only 58.3 percent of the aid received, and the University would have had to return $4,571 to the U.S. Department of Education. The University would also have been required to notify the students that they should return $8,123 of the aid they received.

The University awarded $145,775,467.27 in federal financial assistance to students during 2004-2005 per the Schedule of Expenditures of Federal Awards.

Recommendation:

The University should use the same parameters for determining which days to include in the calculation of calendar days in the payment period for each semester, and it should include in the calculation all calendar days required by federal regulations. The University should return its share of Title IV funds for each of the 10 students discussed above, and it should notify the students who are required to return funds.

Management Response and Corrective Action Plan:

Texas A&M University concurs with the finding and has recalculated the 10 students in question, returned the institutional share, and notified the students. In addition, we have implemented a review process for establishing the date of the 60% point to ensure consistency from term to term within an academic year.

Implementation Date: *January 2006*

Responsible Person: *Joseph P. Pettibon II*

Texas A&M University - Commerce

Reference No. 06-44

Special Tests and Provisions - Disbursements To or On Behalf of Students

Student Financial Assistance Cluster
Award year - July 1, 2004 to June 30, 2005
Award number - Not Applicable for CFDA 84.032, CFDA 84.038, or CFDA 84.268
Type of finding - Reportable Condition Control and Material Non-Compliance

Questioned Cost: $ 0

U.S. Department of Education

If an institution credits a student's account at the institution with Direct Loan, Perkins, or Federal Family Education Loan Program (FFELP) funds, no earlier than 30 days before and no later than 30 days after crediting the student's account at the institution, the institution must notify the student or parent of (1) the date and amount of the disbursement and (2) the student's or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan. The requirement of FFELP funds applies only if the funds are disbursed by electronic funds transfer payment or master check (per Title 34, Code of Federal Regulations, Section 668.165).

Of the 40 disbursements tested at Texas A&M University – Commerce (University), none of the students received notification of the date and amount of award disbursement along with the right to cancel all or a portion of the loan. However, the University sends award letters instructing students to accept or reject the awarded amount within 14 days of the letter. The University also sends bulletins informing students that the University will begin disbursing assistance seven days before classes start. As reported in the Schedule of Expenditures of Federal Awards for 2004-2005, the University awarded $26,989,199 in Direct loans, Perkins loans, and FFELP loans.

Recommendation:

The University should send notification within 30 days of disbursement to each student receiving assistance. These letters should include the date of disbursement, amount of disbursement, and an explanation of the right to cancel all or a portion of the loan.

Management Response and Corrective Action Plan:

In collaboration with the Student Accounts Manager, a plan has been developed to send a notification to students and parents when funds are disbursed to a student's account in accordance to 34CFR 668.165.

Implementation Date: *March 2006*

Responsible Person: *Smithenia Harris*

Texas Higher Education Coordinating Board

Reference No. 06-45

Special Tests and Provisions - Student Status Changes

Student Financial Assistance Cluster – Loan Servicing of Federal Family Education Loans (FFELP)
Award year - July 1, 2004 to June 30, 2005
Award number - CFDA 84.032 Award Number Not Applicable
Type of finding - Non-Compliance

Questioned Cost: $ 0

U.S. Department of Education

The Texas Guaranteed Student Loan Corporation (TGSLC) communicates student status changes to the Texas Higher Education Coordinating Board (Coordinating Board) on a weekly basis. The Coordinating Board downloads the electronic file each week for processing. Processing includes reviewing information for each student and determining whether the TGSLC's information is more accurate than the Coordinating Board's records. Occasionally, students or institutions will contact the Coordinating Board directly with information. After it is determined that an update is necessary, staff at the Coordinating Board manually input the change.

Federal rules require that after the Coordinating Board is notified of a student status change, it must use the data to make proper adjustments to each loan in a timely fashion. For purposes of this requirement, "timely" means adjustments are made in time to satisfy the time requirements outlined in Title 34, Code of Federal Regulations, Section 682.209, for converting and beginning the collection of loans.

Three of 30 student status changes tested at the Coordinating Board were not processed in a timely manner in accordance with rules.

Recommendation:

The Coordinating Board should implement procedures to ensure that student status changes are processed in a timely manner.

Management Response and Corrective Action Plan:

We are currently migrating off of our mainframe computer system to a SQL Server environment. Programming controls will be implemented in the new system thus allowing for more of an automated process of the Student Status Changes.

Implementation Date: *Our projected migration completion date is July 2006. In the meantime we have implemented a manual processes that involves additional staff members whose time has been dedicated to this process.*

Responsible Person: *Katherne Carson*

Reference No. 06-46

Special Tests and Provisions - Special Allowance Payments

Student Financial Assistance Cluster
Award Year - July 1, 2004 to June 30, 2005
Award Numbers - Not applicable for CFDA 84.032
Type of Finding - Reportable Condition Control and Non-Compliance

Questioned Cost: $ 0

U.S. Department of Education

The U.S. Department of Education (Department) pays a quarterly compensating special allowance to the lender/servicer on the average unpaid daily loan principal balances. The lender/servicer bills the Department on a quarterly basis for special allowance payments on eligible Federal Family Education Loan Program (FFELP) loans. The lender must separate loans according to loan type, applicable interest rate, and special allowance category, and it must provide the sum of average daily balances for each loan within these groups. The Department then calculates the amount of special allowance per category. Special allowance payment (SAP) categories are defined by the Department according to the type of loan; the date the loan was disbursed; the loan period; and, in some cases, the number of quarters for which the loan has been outstanding or the loan's status (in-school, grace, deferment, or repayment) per Title 34, Code of Federal Regulations, Section 682.302(c).

An automated program on the Texas Higher Education Coordinating Board's (Coordinating Board) mainframe has been programmed to group loans into SAP categories to report on a quarterly basis the average daily loan balances on the *Lender's Interest and Special Allowance Request and Report* (LaRS report). However, for the 2004–2005 award year, the Coordinating Board did not categorize into the correct SAP category 4 of 40 loans tested. This occurred because of errors in the automated program. These programming errors resulted in the Department's paying incorrect special allowance payments for these loans to the Coordinating Board. The four loans' average daily balances were reported in the "XE EVAR category" when they should have been classed into the "XB" category. These categories pay different special allowance payment interest rates.

According to Section A.3 of Appendix A of the *Common Manual*, Unified Student Loan Policy, the lender must make any adjustments to average daily loan balance submissions covering earlier quarters on the LaRS report for the current quarter. The Coordinating Board immediately started investigating, and it found 52 quarters that needed adjustments to four SAP categories; for some of these quarters, adjustments had to be made to the SAP categories of more than 20,000 loans. While the impact of these classification errors will not be known until January 2006, when the December 2005 quarter-end LaRS report will be completed, the difference in interest rate factors for SAP calculations among some of the categories was only .0015, which would be multiplied by the average daily loan balance for the adjusted loans in each quarter.

Recommendations:

The Coordinating Board should review the automated program on its mainframe to ensure that correct SAP loan categories (as defined by the Department) are assigned to loans. The Coordinating Board should also make adjustments on the LaRS report for the quarter ended December 31, 2005, for all loans that were assigned incorrect categories in prior quarters.

Management Response and Corrective Action Plan:

Programming was reviewed and corrected prior to the completion of this audit.

Implementation Date: *The adjustments identified in this finding will be made on the Department of Education LaRS Report for the quarter ending December 31, 2005. This report will be filed no later than March 31, 2006.*

Responsible Person: *Katherne Carson*

Reference No. 06-47

Special Tests and Provisions - Special Allowance Payments

Student Financial Assistance Cluster
Award Year - July 1, 2004 to June 30, 2005
Award Numbers - Not applicable for CFDA 84.032
Type of Finding - Reportable Condition Control and Non-Compliance

Questioned Cost: $ 704

U.S. Department of Education

A lender requests payment of a special allowance for eligible loans by billing the U.S. Department of Education (Department) at the end of each calendar quarter. This is done by submitting a *Lender's Interest and Special Allowance Request and Report* (LaRS report). The lender also must report the status and balance of each Federal Family Education Loan Program (FFELP) loan held and make any adjustments to submissions covering earlier quarters. The Department's obligation to pay a special allowance for an eligible loan ends on the earliest of the following dates, as applicable: the date the loan is repaid; the date the lender receives a claim payment on the loan; the date the loan ceases to be guaranteed or loses its re-insurability; 60 days after the date the borrower defaulted on the loan, unless the lender files a claim with the guarantor before the 60th day; and other dates, as applicable, as outlined in Title 34, Code of Federal Regulations, Section 682.302(d).

For the 2004–2005 award year, in its average daily balances reported for all four quarters on the LaRS reports it submitted, the Texas Higher Education Coordinating Board (Coordinating Board) reported in error a loan that was awarded to a student who subsequently filed for bankruptcy. In addition, the Coordinating Board has included that loan in all LaRS reports it has submitted since 1982. In 1982, the Coordinating Board did not have a Claims Department, but it subsequently created one; the creation of the Claims Department assisted the Coordinating Board in identifying errors such as this one.

For the LaRS reports the Coordinating Board submitted between 1982 and June 2005, the adjustment to the special allowance payment for this loan (which had a $450 current balance as of June 2005) was $704.

Recommendation:

The Coordinating Board should review loans originated prior to 1985 to identify instances in which a student has filed for bankruptcy or other errors that may have occurred prior to the creation of its Claims Department in 1985. For any errors identified, the Coordinating Board should adjust the special allowance payments for the corresponding loans.

Management Response and Corrective Action Plan:

We have completed a review of loans made prior to the creation of our Claims Department and have not identified any other instances such as the one described above.

Implementation Date: *December, 2005*

Responsible Person: *Katherne Carson*

Reference No. 06-48

Special Tests and Provisions - Special Allowance Payments

Student Financial Assistance Cluster - Loan Servicing of Federal Family Education Loans (FFELP)
Award year - July 1, 2004 to June 30, 2005
Award number - CFDA 84.032 Award Number Not Applicable
Type of finding - Reportable Condition Control and Non-compliance

Questioned Cost: $ 345.69

U.S. Department of Education

In addition to interest benefits, for eligible loans the U.S. Department of Education pays a compensating special allowance to the lender on the average unpaid daily loan principal balance. The Texas Higher Education Coordinating Board (Coordinating Board), as the servicer, reports in Part IV of the quarterly ED Form 799 the average daily balance of those loans qualifying for the payment in each category. The U.S. Department of Education then computes the payment during processing of the ED Form 799 (per Title 34, Code of Federal Regulations, Section 682.304-305).

The Coordinating Board reports prior period adjustments related to special allowance payments in the same part of the ED Form 799. These adjustments are also considered when the U.S. Department of Education computes payments. The Coordinating Board uses a computer-generated report, the *Void Cure Special Allowances Adjustment Report*, to prepare the prior period adjustments. In testing prior period adjustments for the last quarter of 2004, auditors noted that the report used to prepare those adjustments contained an incorrect ending date for the third quarter of 2004. Instead of using September 30, 2004, the program that generated the report used an ending date of October 1, 2002. It appears that this was the result of human error when entering dates into the report program, along with a lack of adequate review.

For some loans, this error resulted in the failure to calculate an adjustment amount for that quarter. For other loans, an amount was calculated, but it was not carried forward to the summary total page used to prepare the resulting adjustments.

After auditors brought this issue to management's attention, a new report was run using the correct ending date. Comparison of the two reports indicated that special allowance payments should have been reduced by an additional $345.69 when the fourth quarter prior period adjustments were prepared. Management indicated that this would be taken into account when preparing prior period adjustments in the next reporting cycle.

Recommendation:

The Coordinating Board should implement a process to ensure that the report used to prepare prior period adjustments for the ED Form 799 is produced using the correct dates.

Management Response and Corrective Action Plan:

We are currently migrating off of our mainframe computer system to a SQL Server environment. Programming controls will be implemented in the new system thus allowing for an automated process.

Implementation Date: *Our projected migration completion date is July 2006. In the meantime we have implemented a manual process to ensure that quarter end dates are correctly entered.*

Responsible Person: *Katherne Carson*

Reference No. 06-49

Special Tests and Provisions - Cures

Student Financial Assistance Cluster
Award year - July 1, 2004 to June 30, 2005
Award number - CFDA 84.032 Award Number Not Applicable
Type of finding - Reportable Condition Control and Non-Compliance

Questioned Cost: $ 773.41

U.S. Department of Education

For the Federal Family Education Loan Program (FFELP), a lender/servicer may "cure" a violation of the collection due diligence requirement or the 90-day deadline for the filing of default claims in order to reinstate the loan guarantee and the lender's right to interest and special allowance. If there is a gap of 46 days or more and at least one violation, the lender may use either of the following two methods for obtaining reinstatement of reinsurance coverage on the loan:

- After the violations occur, the lender obtains a new repayment agreement signed by the borrower. The repayment agreement must comply with repayment period limitations.

- After the violations occur, the lender obtains one full payment. If the borrower later defaults, the guaranty agency must obtain evidence of this payment, such as a copy of the check, from the lender (per Title 34, Code of Federal Regulations, Section 682.800).

In addition, because most due diligence violations and timely filing violations occur after termination of a grace period, interest payments are not ordinarily affected by such violations. However, there are three types of situations in which a lender may have received interest payments from the U.S. Department of Education to which it was not entitled because of a due diligence or timely filing violation:

- Cases in which promissory notes include a requirement that the borrower sign a repayment agreement no later than 120 days prior to the expiration of the grace period. In such cases, a due diligence violation may occur during the grace period when the lender may otherwise have been eligible to receive interest benefits.

- Cases involving deferment periods. A due diligence violation may occur prior to a deferment period when the lender would otherwise have been eligible to receive interest benefits.

- Cases in which loans were made prior to December 15, 1968 (per Title 34, Code of Federal Regulations, Section 682.800 Appendix C).

For the 2004–2005 award year, the Texas Higher Education Coordinating Board (Coordinating Board) erroneously reported the status of one student as a pending cure instead of a cure. The Coordinating Board received the proper cure documentation (signed repayment schedule and disclosure statement) from the borrower for the type of due diligence violation described above (a gap of 46 days or more), but it did not adjust the status of the account due to a misfiling of the cure documentation in its imaging system.

The Coordinating Board also did not submit interest benefits adjustments for 1 of 20 students tested for cures. The due diligence violation occurred prior to the end of the last deferment period at a time when the account was still eligible for interest benefits. However, the interest benefit calculation was not stopped in the Coordinating Board's mainframe system. The interest benefit adjustment process at the Coordinating Board is not done through an automated system control; instead, it requires the preparation of a manual adjustment form by the claims program manager. The Coordinating Board does not have a systematic process to check for the three types of infrequent situations described above. In this case, the adjustment was omitted. Upon identification of the error, the claims program manager prepared an adjustment of $773.41 to be processed in the following reporting period.

Recommendation:

Although interest benefits adjustments are infrequent for cures, the Coordinating Board should implement a systematic control for all pending cures to check for the three types of situations in which a lender may have received interest payments from the U.S. Department of Education to which it was not entitled due to a due diligence or timely filing violation.

Management Response and Corrective Action Plan:

We are currently migrating off of our mainframe computer system to a SQL Server environment. Programming controls will be implemented in the new system thus allowing for automated checks of all pending cure statuses.

Implementation Date: *Our projected migration completion date is July 2006. In the meantime we will enhance our manual processes to ensure compliance.*

Responsible Person: *Katherne Carson*

Texas Tech University

Reference No. 06-50
Reporting - Pell Payment Data

Student Financial Assistance Cluster
Award year - July 1, 2004 to June 30, 2005
Award number - CFDA 84.063 P063P042328
Type of finding - Material Weakness Control and Material Non-Compliance

Questioned Cost: $0

U.S. Department of Education

Institutions submit Pell Grant origination records and disbursement records to the U.S. Department of Education's Common Origination and Disbursement (COD) system. Origination records can be sent in advance of any disbursements, as early as an institution chooses to submit them for any student it reasonably believes will be eligible for a payment. The institution follows up with a disbursement record for that student no more than 30 days before a disbursement is to be paid. Institutions must report the student payment data (1) within 30 calendar days after they make payments or (2) when they become aware of the need to make an adjustment to previously reported student payment data or expected student payment data. Federal rules specify that institutions may do this by reporting once every 30 calendar days, bi-weekly, or weekly; or they may set up their own systems to ensure that changes are reported in a timely manner.

For the 2004–2005 award year, Texas Tech University (University) had procedures for the submission of origination and disbursement records. However, the University did not follow these procedures in a timely manner. After the University became a full participant in using COD for the 2003–2004 award year, it had difficulties with the COD software. The software difficulties and resulting reconciliation issues were not resolved for the 2003–2004 award year until late in fall 2004, which delayed reporting for the majority of fall semester Pell payments for the 2004–2005 award year. Within a random sample of 40 students (which included 73 Pell grant disbursements), 41 disbursements (35 for the fall semester and 6 for the spring semester) were reported to COD more than 30 days after the University made the payments to the students. Thirty-six of the 40 students tested had late submissions. However, auditors noted that the required data elements for both disbursement and origination records were properly included in the transmission files. The University awarded $12,515,495 in Federal Pell Grants assistance during the 2004–2005 award year per the Fiscal Operations Report and Application to Participate (FISAP).

Recommendation:

The University should investigate Pell grant submissions with resulting COD error codes of "055" (which mean that submission of information occurred more than 30 days after the University made the payment to the student) to ensure that it makes corrections to enable it to submit information within the required time frame.

Management Response and Corrective Action Plan:

Texas Tech University's Office of Student Financial [Aid] will work closely with our IT personnel to identify in a timely fashion records which were not properly originated.

Implementation Date: *Immediately*

Responsible Person: *Becky Wilson*

Texas Tech University's Office of Student Financial Aid will submit grant origination files to the U.S. Department of Education's Common Origination and Disbursement (COD) system every 15 days beginning February 1, 2006, for each open award period.

Implementation Date: February 1, 2006

Responsible Person: Becky Wilson

During the implementation phase of the Student Financial Aid Banner 7.0 system scheduled for Fall 2007, we will work to ensure that all federal reporting requirements are addressed.

Implementation Date: By Fall 2007

Responsible Person: Becky Wilson

Reference No. 06-51

Special Tests and Provisions - Verification

Student Financial Assistance Cluster
Award year - July 1, 2004 to June 30, 2005
Award numbers - CFDA 84.007 P007A044151, CFDA 84.032 Award Number Not Applicable, CFDA 84.063 P063P042328
Type of finding - Reportable Condition Control and Non-Compliance

Questioned Cost: $0

U.S. Department of Education

The primary factors considered in determining whether a student is eligible for federal financial assistance are cost of attendance and expected family contribution (EFC). The EFC is the amount a student and his or her family are expected to pay for education expenses, and it is determined based on the financial information provided by the student and parent(s) on the applications for student financial assistance. The information on the application is subject to verification (per Title 34, Code of Federal Regulations, Sections 668.51, 668.52, 668.54, and 668.56).

An institution must verify all Free Applications for Federal Student Aid (FAFSA) that the Federal Student Aid Central Processing System selects for verification (up to 30 percent of the institution's total number of federal assistance applicants). According to Title 34, Code of Federal Regulations, Section 668.56, items that are required to be verified include household size; number of household members who are in college; adjusted gross income (AGI); U.S. income taxes paid; and certain types of untaxed income and benefits such as Social Security benefits, child support, IRA/Keogh deductions, foreign income exclusion, earned income credit, and interest on tax-free bonds.

For the 2004–2005 award year, Texas Tech University (University) did not properly verify required items on the FAFSAs for 4 of 40 students tested. For these four students, dollar amounts associated with the items the University did not verify were outside of the acceptable tolerance level of $400. The following specific errors were identified:

- For one student, TechSIS (the University's Student Information System) showed verification that no untaxed income appeared on the parents' 1040 income tax return or W-2 forms; however, auditors identified $2,000 in untaxed income on documents submitted for verification. The student was awarded $6,300 in Title IV assistance.

- For one student, TechSIS showed no untaxed income on the parents' 1040 income tax return or W-2 forms; however, auditors identified $4,204 in untaxed income on documents submitted for verification. The expected family contribution did not change when the additional untaxed income was added into the calculation; therefore, eligibility for Title IV was not affected. The student was awarded $14,600 in Title IV assistance.

- For one student, TechSIS showed verification of information using a 2002 1040 income tax return, instead of the then-current 2003 1040 income tax return. The University did not receive the 2003 1040 income tax return the student had committed to submitting. The student was awarded $1,697.50 in Title IV assistance.

- The University was able to override a verification flag and, as a result, did not verify one student's documentation. The student was awarded $8,701 in Title IV assistance.

Because the EFC is calculated by the U.S. Department of Education based upon a number of factors, auditors were unable to determine questioned costs related to these errors or to the program as a whole.

According to the Schedule of Expenditures of Federal Awards, the University awarded $106,914,727.37 in federal financial assistance to students during 2004-2005.

Recommendations:

The University should:

- Review its process for imaging of documentation received for verification so that no documentation is lost or imaged under an incorrect ID number.

- Consider providing training refresher courses for staff assigned to verifying untaxed income.

Management Response and Corrective Action Plan:

Texas Tech University's Office of Student Financial Aid will review our process for imaging documents received for verification so that no documentation is lost or imaged under an incorrect ID number. We will also provide training refresher courses for staff assigned to verifying untaxed income.

Implementation Date: *Immediately*

Responsible Person: *Becky Wilson*

University of Houston

Reference No. 06-52
Reporting - Pell Payment Data
(Prior Audit Issues 05-47 and 04-48)

Student Financial Assistance Cluster
Award year - July 1, 2004 to June 30, 2005
Award number - CFDA 84.063 P063P042333
Type of finding - Material Weakness Control and Non-Compliance

Questioned Cost: $0

U.S. Department of Education

Federal regulations (Title 34, Code of Federal Regulations, Section 690.83) note "the Secretary accepts a student's payment data that is submitted in accordance with procedures established through publication in the Federal Register, and that contain the information the Secretary considers to be accurate in light of other available information including that previously provided by the student and the institution." The March 10, 2004, *Federal Register* (Vol. 69, Num. 47) specified the following, "We consider that federal Pell grant funds are disbursed on the earlier of the date that the institution: (a) credits those funds to a student's account in the institution's general ledger or any sub ledger of the general ledger, or (b) pays those funds to a student directly. We consider that federal Pell grant funds are disbursed even if an institution uses its own funds in advance of receiving program funds from the Department."

For the award year 2004–2005, the disbursement dates in the University of Houston's (Houston) disbursement records were the dates the records were reported to the U.S. Department of Education, instead of the dates the awards were disbursed to students. The University's software was erroneously programmed to use the incorrect data field in the disbursement record file. The total amount of Pell Grants disbursed for the award year was $23,770,096.

Recommendation:

The University should correct the programming error so that the correct disbursement date is reported to the U.S. Department of Education.

Management Response and Corrective Action Plan:

The OSFA software provider, Wolffpack, has corrected the programming error. Documentation was provided to the auditing team.

Implementation Date: *July 2005*

Responsible Person: *Ralph Perri*

Reference No. 06-53

Special Tests and Provisions - Verification

Student Financial Assistance Cluster
Award year - July 1, 2004 to June 30, 2005
Award number - CFDA 84.032 P007A044166, CFDA 84.063 P063P042333
Type of finding - Reportable Condition Control and Non-Compliance

Questioned Cost: $ 0

U.S. Department of Education

The primary factors considered in determining whether a student is eligible for federal financial assistance are cost of attendance (COA) and expected family contribution (EFC). The EFC is the amount a student and his or her family are expected to pay for educational expenses, and it is determined based on financial information provided by the student and parent(s) on the Free Application for Federal Student Aid (FAFSA). The information on the FAFSA is subject to verification (per Title 34, Code of Federal Regulations, Sections 668.51, 668.52, and 668.56).

An institution must verify all FAFSAs that have been selected for verification. According to Title 34, Code of Federal Regulations, Section 668.56, items that are required to be verified include household size; number of household members who are in college; adjusted gross income (AGI); U.S. income taxes paid; and certain types of untaxed income and benefits such as Social Security benefits, child support, IRA/Keogh deductions, foreign income exclusion, earned income credit, and interest on tax-free bonds.

For the 2004–2005 award year, the University of Houston (University) did not verify required items on the FAFSAs for 3 of 31 students tested. For these three students, dollar amounts associated with the items the University did not verify were outside of the acceptable tolerance level of $400. The following specific errors were identified:

- For one student, the verification screen on the University's Student Information System showed verification that no untaxed income appeared on the parents' 1040 income tax return or W-2 forms; however, auditors identified $1,600 in untaxed income on documents submitted for verification. The student was awarded $6,537.50 in Title IV assistance.

- For one student, the verification screen showed no earned income credit; however, the parents' 1040 income tax return contained $283 in earned income credit. The student was awarded $9,500 in Title IV assistance.

- For one student, the verification screen showed verification of information using a 2002 1040 income tax return, instead of the then-current 2003 1040 income tax return. The University did not receive the 2003 1040 income tax return the student had committed to submitting. The student was awarded $5,642 in Title IV assistance.

Because the EFC is calculated by the U.S. Department of Education based upon a number of factors, auditors were unable to determine questioned costs related to these errors or to the program as a whole.

In the Schedule of Expenditures of Federal Awards, the University reported that it awarded $153,156,322.87 in federal financial assistance to students during fiscal year 2004-2005.

Recommendations:

The University should:

- Review its process for verifying and imaging of documentation received for verification so that documentation is neither lost nor imaged incorrectly.

- Consider providing training refresher courses for staff assigned to verifying untaxed income.

Management Response and Corrective Action Plan:

We have implemented a new verification review process for the 2005-2006 federal award year. The imaging and the data entry of the documents are performed in the Application Processing unit where the Professional staff within the Advising unit performs the verification and quality assurance functions. This change establishes a secondary level of review before a correction can be generated and sent to Dept. of Education. Also, we reviewed the verification procedures to determine if additional documentation was needed from the applicant to better document untaxed income. We now require all selected applicants to submit W2s and 1099s. In doing so we created separate document types to better track the W2s and the tax returns. We provided extensive training to the advising staff on verification. We also sent professional staff to Verification training conducted by the College Board.

Implementation Date: *March 2005*

Responsible Person: *Ralph Perri*

Reference No. 06-54

Cash Management

Research and Development Cluster
Award year – August 1 2003 to November 30, 2004; December 1, 2004 to November 30, 2005
Award number – CFDA 16.560 G088539; G090038
Type of finding - Reportable Condition Control and Non-Compliance

Questioned Cost: $ 0

Federal Agencies that Provide R&D Grants

The Cash Management Improvement Act of 1990 (CMIA), as amended, Section 205.12, requires that funds drawn be fully expended within three days of draw. The University of Houston (Houston) has selected the reimbursement method of cash management, which helps to ensure that the three-day requirement is met. Under this method, draw amounts should be based upon expended amounts. The reimbursement method also helps to ensure that the University complies with individual research and development grants that require the reimbursement method.

Under the reimbursement method, draw amounts should be based upon disbursed amounts. However, the University's draw amounts are based on a weekly report from its financial system that includes accruals (expenses incurred but not paid), and the University does not monitor the draw requests to identify and remove amounts that have not been paid. Therefore, the University does not always meet the three-day requirement or the requirements of reimbursement grants.

For example, the University accrues month-end payroll entries around the 20th of the month and pays them on the first business day of the following month. Because the process to calculate the federal draw amount is run on a weekly basis and is based on the date payroll posts to the general ledger (which may be before payroll is disbursed), it is possible for draw amounts to include payroll amounts not yet disbursed. In one such instance, although payroll expenses were paid within three days of receipt of the federal funds, the draw did not comply with the grant agreement, which specified reimbursement funding.

Prior to May 2005, the University had a prompt payment policy that allowed but did not require payments from non-state funds (including federal funds) to be immediately scheduled for payment. In May 2005, the University modified this policy to begin requiring that all expenses from non-state funds be scheduled for payment immediately upon entry into the accounts payable system. However, this policy was not enforced effectively. For two of 15 federal draws, there were transactions that were paid more than three days after the University received the reimbursement. One of these draws was made after the implementation of the new policy.

Audit tests were based on samples; therefore, auditors did not determine the extent to which accrued expenses were drawn and not expended within three days.

Recommendation:

The University should implement and enforce policies and procedures to ensure compliance with CMIA requirements and grant agreements.

Management Response and Corrective Action Plan:

The University of Houston is reviewing the Letter of Credit process to determine how it can be changed to ensure that all draw down requests only include items that have been paid.

Implementation Date: *September 1, 2006*

Responsible Person: *Mike Glisson*

Reference No. 06-55

Procurement and Suspension and Debarment

Research and Development Cluster
Award year - Multiple
Award numbers - See Below
Type of finding - Material Weakness Control and Non-Compliance

Suspension and Debarment Verification

Questioned Cost: $ 16,080

See Award Number Information for Specific Agencies

Federal rules require that, when a non-federal entity enters into a covered transaction that is expected to equal or exceed $25,000 with an entity at a lower tier, the non-federal entity must verify that the entity at the lower tier is not suspended, debarred, or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the U.S. General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity.

The University of Houston (University) is not verifying that vendors were not suspended or debarred from federal contracts. Six of 40 procurements tested exceeded $25,000. The University did not verify that vendors were not suspended or debarred from federal contracts for any of these 6 procurements, which totaled $383,519. Based upon review of the EPLS, none of the vendors for these 6 procurements was suspended or debarred.

Procurement Documentation

Institutions of higher education, hospitals, and other non-profit organizations are required to follow procurement procedures that conform to applicable federal laws and regulations and standards identified in Office of Management and Budget Circular A-110. These laws and regulations require that files document the significant history of the procurement, that procurements provide full and open competition, and the performance of appropriate cost or price analyses to support procurement actions, including contract modifications.

Of 40 procurements tested, one in the amount of $11,080 was for a purchase from a single source, but the file lacked the required justification for a noncompetitive procurement. A second $5,000 procurement file did not contain documentation from the vendor for the amount to be paid.

Award numbers -

- National Science Foundation CFDA 47.049 Award Number CHE-0303708
- U.S. Department of Justice - National Institute of Justice CFDA 16.560 Award Number 2003-IJ-CX-K011
- Federal Flow Through from Texas Education Agency, U.S. Department of Education CFDA 84.048, Award Number ERROR054200277110
- National Eye Institute CFDA 93.867 Award Number 5 R01 EY01139-29
- U.S. Environmental Protection Agency CFDA 66.500 Award Number R-83037701
- National Institutes of Health CFDA 93.853 Award Number 1 R01 NS50589-01
- National Institute of Child Health and Human Development CFDA 93.862 Award Number R01 HD046661-01
- Federal Flow Through from TKC Communications, LLC, U.S. Department of Defense CFDA 12.630, Award Number UH111604

Recommendations:

The University should:

- Ensure that the federal suspension and debarment requirements are incorporated into its procurement policies and procedures for procurements equal to or greater than $25,000. Incorporation can be done through a standard contract clause, a certification from the vendor, and/or an additional step in the procurement process to review the EPLS. Consideration should be given to revising the documentation standards to include evidence of this verification. The University should also ensure that all individuals responsible for procurements are familiar with the suspension and debarment requirements and documentation standards.
- Implement policies and procedures to ensure that documentation supporting procurements is retained, particularly when competition is limited.

Management Response and Corrective Action Plan:

The University of Houston modified its policies and procedures (MAPP 4.01.01) effective November 30, 2005 to require the following:

- *On purchases greater than $25,000 using federal funds, Purchasing will verify and document whether the selected vendor is on the federal government's list of barred and suspended vendors.*
- *All purchases exceeding $5,000 that do not include competition must be justified on a Proprietary Purchase form, which must be approved by the principal investigator when federal grants are used.*

Implementation Date: *November 30, 2005*

Responsible Person: *Mike Glisson*

University of Houston - Clear Lake

Reference No. 06-56
Eligibility

Student Financial Assistance Cluster
Award year - July 1, 2004 through June 30, 2005
Award number - CFDA 84.033 P033A044160, CFDA 84.063 P06320043465, CFDA 84.007 P007A044160, Not applicable to CFDA 84.032 and CFDA 84.038
Type of finding - Reportable Condition Control

Questioned Cost: $ 0

U.S. Department of Education

The determination of the federal student assistance award amount is based on financial need. Financial need is defined as the student's cost of attendance minus the expected family contribution (EFC). For Title IV programs, the amount of financial resources available is generally the EFC that is computed by the federal central processor and included on the student's *Institutional Student Information Report* (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (Federal Perkins Loan, Federal Work Study, and Federal Supplemental Educational Opportunity Grant, Title 34, Code of Federal Regulations, Sections 673.5 and 673.6; Federal Family Education Loans, Title 34, Code of Federal Regulations, Section 682.603)

PowerFAIDS, which is the Student Financial Aid system used by the University of Houston - Clear Lake (University), combines the tuition and fees for a full-time student into one line item and then multiplies that amount by 75 percent for a three-quarter-time student, 50 percent for a half-time student, and 25 percent for a student who is less than half-time. However, according to the approved budgets provided by the University, this prorating approach should be used only for the tuition portion. Fees do not prorate at the same rate and should be set up as an additional line item. Therefore, any student who is classified as less than full-time was budgeted incorrectly by the PowerFAIDS system. In our sample of 30 students, there were 14 graduate students. Of these, two had a status of less than half-time and were being budgeted accordingly, even though no courses are offered that would allow a graduate student to attend less than half-time. Half-time is defined as three credit hours. These students should have been budgeted as half-time, rather than less than half-time.

The budgeting effect of prorating was as follows:

- Twenty of the 30 students tested for eligibility were affected by the system calculation error. Specifically:
  - Sixteen of the 30 students tested for eligibility were underbudgeted in the PowerFAIDS system by a total of $5,026.
  - Four of the 30 students tested for eligibility were overbudgeted in the PowerFAIDS system by a total of $1,434.
- The total amount of federal assistance awarded in the eligibility sample was $336,947; assistance for the students affected comprised $228,635 (67.85 percent) of that amount.

The differences in the calculation of cost of attendance did not appear to place any one student within the sample into an over-award for campus-based assistance. Campus-based programs are the Federal Perkins Loan, Federal Work Study, and Federal Supplemental Educational Opportunity Grant (per Student Assistance General Provisions Title 34, Code of Federal Regulations, Section 668.2[b]).

The University implemented PeopleSoft after the 2004–2005 award year, and PowerFAIDS has become a legacy system.

According to the Schedule of Expenditures of Federal Awards, the University awarded $32,942,589.84 in federal financial assistance to students during 2004-2005.

Recommendation:

The University should implement a process to ensure that the budget entered into the system is consistent with the approved budget and that the system is calculating the budget appropriately, especially with respect to proper prorating of fees.

Management Response and Corrective Action Plan:

We are now using PeopleSoft's financial aid module and it requires us to enter actual line items for each budget component for each enrollment scenario, so the problem identified with the PowerFAIDS system has been remedied.

Implementation Date: *February 2005 (This was accomplished when we went live with PeopleSoft last year).*

Responsible Person: *Lynda McKendree*

Reference No. 06-57

Special Tests and Provisions - Disbursements To or On Behalf of Students

Student Financial Assistance Cluster
Award year - July 1, 2004 through June 30, 2005
Award number - CFDA 84.038 5013G520011 and Award Number Not Applicable for CFDA 84.032
Type of finding - Material Weakness Control and Non-Compliance

Notification of Disbursements

Questioned Cost: $ 0

U.S. Department of Education

If an institution credits a student's account at the institution with a Federal Perkins Loan and/or a Federal Family Education Loan Program (FFELP) loan, no earlier than 30 days before and no later than 30 days after crediting a student's account at the institution, the institution must notify the student, or parent, of (1) the date and amount of the disbursement; (2) the student's right, or parent's right, to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan; and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement on FFELP loans applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronic (per Title 34, Code of Federal Regulations, Section 668.165).

The University of Houston - Clear Lake (University) uses postcards to notify students of FFELP and Perkins disbursements, but not all required information is included on those postcards. Specifically, the date and amount of the disbursement are not included. In addition, the University does not have a process to (1) ensure that all students and parents were notified or (2) track the notifications it sends. According to the schedule of federal awards for the year ended August 31, 2005, the University disbursed $29,520,996.44 in FFELP loans and $84,959 in Perkins loans during the 2004–2005 fiscal year.

Payment of Credit Balances within 14 Days

If a financial aid disbursement to a student's account at an institution creates a credit balance that includes federal funds, the institution must pay the credit balance directly to the student or parent as soon as possible, but no later than 14 days after the later of:

- The date the balance occurred in the student's account, if the balance occurred after the first days of class of a payment period.

- The first day of classes of the payment period if the credit balance occurred on or before the first day of class of that payment period (per Title 34, Code of Federal Regulations, Section 668.164[e]).

For 2 of 47 disbursements tested at the University, checks to the student or parent were not refunded within the 14-day time frame as required when a disbursement of financial assistance created a credit balance. In one instance, the student had prior term charges. The student was allowed to register and enroll in the current semester with prior term charges on the student's account; however, a refund was not released until those charges had been cleared. This transaction occurred one day after the prior term charges were cleared but two months after the funds were originally credited to the student's account. The other exception noted pertained to a student's refund that was released one month after the University posted funds to the student's account. The refund was not released within the required 14 days because the University's Business Office will not generate a refund check if it is greater than $10,000.

Returning Funds to the Lender

An institution is required to return funds to the lender in 10 business days after the date the institution is required to disburse the funds (per Title 34, Code of Federal Regulations, Section 668.167[b][2]). For one of five sample items tested, the University did not return funds to the lender within the required 10 business days. In this instance, funds were returned to the lender three months after the University received the funds.

Recommendations:

The University should:

- Implement a process for ensuring that (1) all required notifications are sent, (2) notifications include all necessary elements, and (3) documentation of the notifications is maintained.

- Ensure that, if federal student assistance disbursements to a student's account create a credit balance, the University pays the credit balance directly to the student or parent as soon as possible, but no later than the 14-day time frame for paying credit balances.

- Return funds to the lender within 10 business days after it is required to disburse funds.

Management Response and Corrective Action Plan:

We will request a modification to PeopleSoft (our current FAM system) that will create an email communication to students who are to receive FFELP or Perkins disbursements that contains all information required by Federal Regulations and results in sufficient documentation and tracking of all such notifications. The PeopleSoft system will generate these emails on a weekly basis, so that we will easily meet the requirement of no earlier than 30 days before and no later than 30 days after crediting the students account.

Implementation Date: *June 2006*
Responsible Person: *Lynda McKendree*

We will review the process that writes refund checks to students with credit balances and request a modification to the program to write the refunds within the required 14 days. In the interim the university will manually review credit balances on a weekly basis and process checks accordingly.

Implementation Date: *June 2006*
Responsible Person: *John Cordary*

We will implement a policy that requires staff to verify all change transactions created to return funds the next business day to be sure they are successfully completed.

Implementation Date: *February 2006*
Responsible Person: *Lynda McKendree*

University of North Texas

Reference No. 06-58
Reporting - Pell Payment Data

Student Financial Assistance Cluster
Award year - July 1, 2004 to June 30, 2005
Award number - CFDA 84.063 P063P042293
Type of finding - Reportable Condition Control and Non-Compliance

Questioned Cost: $ 0

U.S. Department of Education

Institutions submit Pell origination records and disbursement records to the Common Origination and Disbursement (COD) System. If an institution submits a student's payment data in the manner and form prescribed, and if the U.S. Department of Education accepts the data and considers that information to be accurate in light of other available information, the institution may receive either (1) a payment for an award to a Pell Grant recipient or (2) a corresponding reduction in the amount of federal funds received in advance for which it is accountable. Institutions are required to report to the U.S. Department of Education any change in enrollment status, cost of attendance, or other event or condition that causes a change in the amount of a federal Pell Grant for which a student qualifies by submitting student payment data that discloses the basis and result of the change in award (per Title 34, Code of Federal Regulations, Section 690.83).

For 2 of 40 students tested, the University of North Texas (University) reported a cost of attendance of $13,500 to the COD System; however, according to the University's student financial aid system (the Enterprise Information System, or EIS), those students' actual cost of attendance was $13,520. University management attributed the discrepancies to an error in a system table that caused the reported cost of attendance for students living at home to be understated by $10 per semester. The students' Pell Grant amounts were determined using the correct values. According to management, budget data is entered manually into the cost of attendance set-up tables. Although manual reviews are conducted during the testing phase, those reviews did not detect the error that led to the reporting inaccuracies noted above. As reported in the Schedule of Expenditures of Federal Awards for 2004-2005, the University awarded $16,146,809 in Federal Pell Grants.

Recommendation:

The University should improve its review process to ensure that data reported to the COD System is correct.

Management Response and Corrective Action Plan:

Management agrees with the following statement made by the State Auditor, "University of North Texas made correct PELL grant awards to students who were eligible for the grant". Management adds the University of North Texas reported correct PELL grant individual student payment amounts to the Common Origination and Disbursement (COD) System according to the U.S. Department of Education's Federal PELL Grant Payment Schedule for Determining Scheduled Awards for 2004-2005 academic year. The PELL grant award and payment to the two (2) students referenced by the State Auditor were not affected as a result of an incorrect Cost of Attendance (budget) reported to COD for each student.

Management is attentive to the U.S. Department of Education requirements associated with reporting any change in enrollment status, cost of attendance, or other condition that causes a change in the amount of a Federal PELL grant for which a student qualifies. Management will take immediate and appropriate action if incorrect PELL grant awards or payments are detected.

Corrective Action Plan:

The University will implement an additional quality control measure applicable to its manual and automated processes to ensure that data reported to the COD System is correct.

Steps to enhance quality control measures for academic year set-up tables:

- *Key-enter Institutional PELL Cost of Attendance (budgets) into EIS set-up tables*
- *Run queries to verify all components of budgets match*
- *If components do not match, run queries again*
- *When budget components match, COD reporting will be correct*

Implementation Date: *January 2006*

Responsible Person: *Carolyn Cunningham*

Reference No. 06-59

Special Tests and Provisions - Disbursements To or On Behalf of Students

(Prior Audit Issue - 05-50 and 04-51)

Student Financial Assistance Cluster
Award year - July 1, 2004 to June 30, 2005
Award number - Not applicable for CFDA 84.032
Type of finding - Reportable Condition Control and Non-Compliance

Questioned Cost: $ 0

U.S. Department of Education

If an institution credits a student's account at the institution with Federal Perkins Loan (FPL) or Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account at the institution, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement on FFELP applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronic (per Title 34, Code of Federal Regulations, Section 668.165).

The University of North Texas (University) runs a program that extracts information regarding FFELP borrowers from its Billing Receivable System. From that query, which occurs after disbursements, e-mail notifications are sent to students with FFELP or FPL disbursements to notify them of the date and amount of disbursement and the right to cancel. If the University does not have an active e-mail address for a student, then it mails the notification to the student. Notifications are automatically tracked on the comment page for each student.

For 15 of 40 students sampled for the 2004–2005 award year, notices were sent 10 to 11 days late for the spring 2005 FFELP disbursements. Management has attributed this lack of timeliness to programming problems relating to conversion to a new information system. FFELP funds disbursed for 2004–2005 (as reported in the Schedule of Expenditures of Federal Awards) totaled $97,335,669.

Recommendation:

The University should ensure that all required notifications are sent within the required time frame. The University also should ensure that software issues are resolved in the testing environment before software updates are put into production.

Management Response and Corrective Action Plan:

During the 2004-2005 academic year the University of North Texas, in accordance with the U.S. Department of Education requirements associated with the 'Right-to-Cancel Federal Loans', notified students whose Federal Family Education Loan Program (FFELP) funds were disbursed via Electronic Funds Transfer (EFT) payment about:

- *The date and amount of loan disbursement(s)*
- *Their or their parent's right to cancel all or a portion of the loan or its disbursement(s) and have the loan proceeds returned to the holder of that loan,*
- *The procedure and the allotted time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement(s).*

The automated Right-to-Cancel student notification process, as performed in the newly implemented campus-wise PeopleSoft product, (UNT's Enterprise Information System - EIS), encountered an internal processing limitation and returned a 'result message' of "Successful" in the EIS Process Request Monitor page, thus never alerting the user of a problem. In essence, the system was unable to completely process the large volume of student transactions all at one time. However, some of the transactions were processed completely and the system recorded the transactions as 'Successful", hence the 'result message'. Due to the volume of disbursements at one time and the internal processing limitation of transactions, not all students were promptly notified within the 30-day (prior to or after crediting a student's account) timeframe as mandated by the U.S. Department of Education. Upon discovering the delayed automated transactions, the backlog of notifications to student loan borrowers was quickly eliminated, yet some notifications were slightly late.

Management agrees the University of North Texas should ensure that the required Right-to-Cancel notification to all students who borrow federal loans should be sent within the required timeframe.

Corrective Action Plan:

By running a program that queries information from its Student Financial System regarding FFELP borrowers, UNT sends email notifications to students with FFELP disbursements to notify them of the date and amount of disbursement(s) and the right to cancel option. If the University does not have an active email address for a student, a notification letter is mailed. Notification dates for each student are automatically tracked on the PeopleSoft Comment page.

Steps Taken to Ensure Corrective Action:

- *The Right-to-Cancel process has been scheduled to run every Wednesday morning via AppWorx (an automated scheduling software program). An email is sent to a select number of campus personnel as a notification of its completion.*
- *Management control reports have been created as a tool to monitor the processing of student notifications. The reports are reviewed and stored as part of the weekly job run process.*
- *Financial Aid and programming staff meet at the beginning of each term to review the Right-to-Cancel reports, programming, etc. to ensure compliance.*

Implementation Date: *August 2005*

Responsible Person: *Carolyn Cunningham*

University of North Texas Health Science Center at Fort Worth

Reference No. 06-60

Procurement and Suspension and Debarment

Research and Development Cluster
Award year - Multiple
Award number - All Grants with Procurement
Type of finding - Material Weakness Control and Non-Compliance

Questioned Cost: $ 0

Federal Agencies that Provide R&D Grants

Federal rules require that, when a non-federal entity enters into a covered transaction that is expected to equal or exceed $25,000 with an entity at a lower tier, the non-federal entity must verify that the entity at the lower tier is not suspended, debarred, or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the U.S. General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity.

The University of North Texas Health Science Center at Fort Worth (Health Science Center) does not have policies or procedures for verifying that vendors are not suspended and debarred. The Health Science Center has an automated process that compares its vendor list with the Texas Building and Procurement Commission's (TBPC) listing of ineligible bidders. However, this process is not effective because TBPC's list of ineligible vendors does not identify vendors that are suspended or debarred from federal contracts. The Health Science Center's invitation to bid includes a statement that bidders are required to certify they are eligible to receive the contract according to Texas Government Code, Section 2155.004. However, this code section does not relate to federal suspension and debarment. There is no process for comparing Health Science Center vendors to the EPLS maintained by the GSA, nor is there a suspension and debarment certification clause that vendors must sign.

Of 30 purchase orders tested, 6 exceeded $25,000. None of these six purchase orders contained suspension and debarment certifications. The EPLS indicated that none of these six vendors was suspended or debarred.

Recommendation:

The Health Science Center should ensure that the federal suspension and debarment requirements are incorporated into its procurement process. Incorporation can be done through a standard contract clause, a certification from the vendor, and/or an additional step in the procurement process to review the EPLS.

Management Response and Corrective Action Plan:

The University of North Texas Health Science Center at Fort Worth (UNTHSC) will incorporate a federal procurement, suspension and debarment certification clause into our bid documents for purchases of $25,000 or more.

Implementation Date: *January 23, 2006*

Responsible Person: *LeAnn Forsberg and Lane Nestman*

University of Texas at Austin

Reference No. 06-61

Special Tests and Provisions - Return of Title IV Funds

Student Financial Assistance Cluster
Award year - July 1, 2004 to June 30, 2005
Award numbers - CFDA 84.007 P007A044173, CFDA 84.063 P063P042336, CFDA 84.038 P038A044173, CFDA 84.033 P033A044173
Type of finding - Reportable Condition Control and Non-Compliance

Questioned Cost: $ 0

U.S. Department of Education

When a student who receives Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the student began attendance, the institution must determine the amount of Title IV assistance the student earned as of the withdrawal date. If the total amount of Title IV assistance earned is less than the amount that was disbursed 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 (per Title 34, Code of Federal Regulations, Section 668.22[a][1]–[3]).

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 (per Title 34, Code of Federal Regulations, Section 668.22[e]).

The withdrawal date is (1) the date that the student began the withdrawal process prescribed by the institution; (2) the date that the student otherwise provided official notification to the institution, in writing or orally, of his or her intent to withdraw; or (3) if the student ceases attendance without providing official notification to the institution of his or her withdrawal, the midpoint of the payment period or, if applicable, the period of enrollment (per Title 34, Code of Federal Regulations, Section 668.22 [c] and [d]).

The University of Texas at Austin (University) does not have a process to review students who received all failing grades each semester to determine whether any of those students (1) effectively withdrew by not attending classes and (2) provided no official notification to the University of their withdrawal.

If students with all failing grades stopped attending classes, the effective withdrawal date would have been the midpoint of the payment period, at 50 percent completion; therefore, this situation would have required the University to return unearned Title IV funds. Auditors did not test students with all failing grades to determine whether they had actually withdrawn because the University did not provide lists of students per semester with all failing grades until after audit work was completed.

The University reported in the Schedule of Expenditures of Federal Awards that it awarded $230,321,317.27 in federal financial assistance to students during 2004-2005.

Recommendation:

After each semester, the University should review the list of students who received Title IV funds and received all failing grades to verify that these students attended classes for at least 60 percent of the semester.

Management Response and Corrective Action Plan:

UT Austin had felt that the Satisfactory Academic Progress policy currently in place appropriately addressed students who make all F's in a semester, including those who may not have attended a complete semester. Based on this finding, however, the Office of Student Financial Services will, put into place a process to review those students who have all F's at the end of the semester, to ascertain if they were attending classes until the 60% point of the semester.

The Office of Student Financial Services has already attained a list of students for the Fall 2005 semester who received Federal financial aid and made all F's as final grades and are starting a review process. This process will include review of various documentation available throughout the University to corroborate dates of attendance, such as Registrar's records, academic advisor notes, other university correspondence, etc. For any students where there may be a question of last dates of attendance, UT Austin will also attempt to contact students by email and/or regular mail, to ask them certain questions regarding their attendance at UT Austin. If, after these types of review, we find that certain students did, in fact, stop attendance prior to the 60% day of class, we will revise their awards as necessary to reflect an effective date of withdrawal at the mid-point, as noted by the auditors. Following appropriate calculations, any unearned aid will be returned.

Implementation Date: *January 2006*

Responsible Person: *Don Davis*

Reference No. 06-62

Special Tests and Provisions - Student Status Changes

(Prior Audit Issue - 05-53)

Student Financial Assistance Cluster
Award year - July 1, 2004 to June 30, 2005
Award number - Not applicable for FFELP loans
Type of finding - Reportable Condition Control and Non-Compliance

Questioned Cost: $ 0

U.S. Department of Education

Under the Federal Family Education Loan Program (FFELP), institutions must complete and return within 30 days of receipt the roster files sent by the National Student Loan Data System (NSLDS) (per Office of Management and Budget No. 1845-0035). The roster file is transmitted electronically. The institution determines how often it receives the roster file, but the minimum is twice a year. After the roster file is received, the institution must correct and submit any changes electronically. These changes include reductions or increases in attendance levels, withdrawals, graduations, or approved leaves of absence. The NSLDS reporting guide recommends that institutions report a minimum of five times an academic year.

In addition, as long as there is reason to believe that a student intends to enroll for the next regularly scheduled term, the student is to be considered to be in school and continuously enrolled during academic year holiday and vacation periods, as well as during the summer between academic years (even if not enrolled in a summer session). For example, students should not be reported as "withdrawn" at the end of the spring term if they are expected to re-enroll for the fall term.

The University of Texas at Austin (University) did not report status changes to NSLDS within the required time frames for 3 of 37 students tested. These three students had academic dismissals, which the University reported to NSLDS as much as 144 days later. In addition, according to the University's *General Information Catalog* for 2004–2005 (Chapter 4, Academic Policies & Procedures, Scholastic Probation and Dismissal, Rule 8 a and b), students who are dismissed cannot re-enroll until after at least one long-session semester and any intervening summer session. These students should not have been expected to return after summer; therefore, they should have been reported as dismissed or withdrawn within 60 days.

The University reported in the Schedule of Expenditures of Federal Awards that it awarded $193,551,282 in FFELP loans to students during 2004-2005.

Recommendation:

The University should ensure that academic dismissals are updated on the NSLDS roster file within the required time frames. A list of all dismissals should be reviewed after each semester.

Management Response and Corrective Action Plan:

Starting February 2006, the Office of the Registrar will modify its reporting from a bi-monthly basis to ten times a year. This change will enhance the timeliness and accuracy of reporting.

Beginning with the June 2006 submission, the Office of the Registrar will identify those students who have been academically dismissed at the end of each semester and accurately reflect the enrollment status of these students within 60 days.

Implementation Date: *February 2006*

Responsible Person: *Dan Knauft*

Reference No. 06-63

Matching and Program Income

(Prior Audit Issue - 05-57, 04-53, 03-09, 02-48)

Research and Development Cluster
Award year - Multiple
Award number - All Grants with Matching Requirements
Type of finding - Material Weakness Control

When federal grantor agencies require that the grantee match or share the cost of research, the specific program regulations or individual federal awards specify any applicable matching requirements (Office of Management and Budget Compliance Supplement, Part G).

Questioned Cost: $ 0

Federal Agencies that Provide R&D Grants

The University of Texas at Austin (University) administers its research and development programs through the Office of Sponsored Projects (OSP) and Grants and Contracts (G&C). The Principle Investigator (PI) is directly responsible for the research and provides necessary information to OSP and G&C. G&C sets up an electronic profile for each grant in the DEFINE accounting system after OSP, the PI, and the sponsor have approved the grant. The profile set-up has certain fields that are required; if data is not entered into these fields, DEFINE will not process the grant.

The University was able to provide a cumulative cost-sharing recap for each proposal and subsequent award. The University uses this recap to track compliance. However, it is not possible to determine which of the grants were subject to federal matching requirements or the amount of the match for the year. In order to determine the amount matched in a given year, each grant must be manually reviewed to determine whether any matching expenditures were recorded in the general ledger.

Recommendations:

The University should modify its grant matching policies and procedures so that compliance with grant matching provisions can be monitored on a fiscal year basis along with the grant period. The University also should devise a way to identify only those grants that have mandatory cost-sharing requirements.

Management Response and Corrective Action Plan:

We concur. The University of Texas at Austin has been improving each year in identifying these awards and reporting cost-sharing and matching; however, a comprehensive initiative is under way to ensure that all awards with mandatory cost sharing or matching requirements are identified and the necessary information is gathered so that this reporting requirement can be met.

Implementation Date: *August 2006*

Responsible Person: *Fred Friedrich and Dr. Juan Sanchez*

Reference No. 06-64

Procurement and Suspension and Debarment

(Prior Audit Issue - 05-55)

Research and Development Cluster
Award year - September 1, 2004 to August 31, 2005 and April 1, 2004 to March 31, 2005
Award number - CFDA 47.070 EIA-0303609 and CFDA 5 K01HG000038-06
Type of finding - Reportable Condition Control and Non-Compliance

Questioned Cost: $ 0

Federal Agencies that Provide R&D Grants

Federal rules require that, when a non-federal entity enters into a covered transaction that is expected to equal or exceed $25,000 with an entity at a lower tier, the non-federal entity must verify that the entity at the lower tier is not suspended, debarred, or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the U.S. General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity.

Two of 40 vendor files tested at the University of Texas at Austin (University) did not have suspension and debarment certifications. The EPLS indicated these two vendors were not suspended or debarred. The two files were for purchases made under blanket purchase orders. Although it appears the University verified the suspension and debarment status for all other categories of purchases, it excluded blanket purchase orders from the requirement. As a result, the University did not obtain the required vendor certification statements for these two purchases.

Recommendation:

The University should ensure its buyers determine vendor debarment status for all blanket purchase orders.

Management Response and Corrective Action Plan:

We concur. The University of Texas at Austin Purchasing Office has implemented a revised policy. The policy instructed buyers to determine vendor debarment status for all blanket purchase orders. The risk was considered low since no vendors were used that had been suspended or debarred. Blanket purchase orders represent a small portion of the University's purchasing transactions and those same vendors are usually checked on other purchase orders. This policy update was implemented immediately during fieldwork.

Implementation Date: *October 2005*

Responsible Person: *Floyd Self*

Reference No. 06-65

Subrecipient Monitoring

Research and Development Cluster
Award year - October 1, 2001 to September 30, 2006, September 1, 2004 to August 31, 2005
Award number - CFDA 47.074 DEB-0120709, CFDA 93.173 5U01DC04560
Type of finding - Reportable Condition Control and Non-Compliance

Questioned Cost: $ 0

Federal Agencies that Provide R&D Grants

Pass-through entities must ensure that each subrecipient expending $500,000 or more in federal awards during the subrecipient's fiscal year has met the audit requirements of Office of Management and Budget Circular A-133. The University of Texas at Austin's (University) policy requires that its Office of Sponsored Projects obtain an A-133 audit certification statement or a copy of the subrecipient's audit from the subrecipient before the agreement is executed. For multi-year agreements, the University requires the subrecipient to submit a new audit certification statement each year.

Two of 52 subrecipient files tested did not contain A-133 audit certification statements or other evidence that the required A-133 audits were performed. For one of the two, the University recorded the information as received when the audit certification by the subrecipient noted that the audit would be completed later in the year. The University did not follow up on the subrecipient's response. Information on the Federal Audit Clearinghouse Web site as of November 19, 2005, indicates that both of these subrecipients had submitted fiscal year 2004 audit information to the federal government and the audits had findings that may have related to their subawards from the University.

Recommendation:

The University should ensure that the Office of Sponsored Projects obtains A-133 audit certification statements or copies of the subrecipients' audits from subrecipients before the agreements are executed.

Management Response and Corrective Action Plan:

We concur. OSP has a policy to obtain audit documentation as required under A-133. This documentation is maintained in the sub-recipient files. For the two specific sub-recipients mentioned above, the information was requested in a timely manner but not yet received. The Department was also in a staffing transition. The appropriate training has subsequently been provided to ensure greater completeness and follow through of the sub-recipient files. Further investigation by the University with the sub-recipient determined that the Federal Audit Clearinghouse provided summarized data. The sub-recipients did not have findings related to their sub-award from the University of Texas at Austin. The remaining file was completed.

Implementation Date: *January 2006*

Responsible Person: Rochelle Athey

University of Texas at Dallas

Reference No. 06-66
Eligibility

Student Financial Assistance Cluster
Award year - July 1, 2004 to June 30, 2005
Award numbers - CFDA 84.063 P063P043234, CFDA 84.033 P033A044174, CFDA 84.038 P038A044174, CFDA 84.007 PP007A044174
Type of finding - Reportable Condition Control

Questioned Cost: $ 0

U.S. Department of Education

As noted in Chapter 2, Volume 3 of the *Federal Student Aid Handbook* for the 2004-2005 award year, the cost of attendance (or budget) is the cornerstone of establishing a student's financial need because it sets a limit on the total aid that a student may receive. The federal Higher Education Act, Section 472, specifies the types of costs that are included in the cost of attendance, but an institution must determine the appropriate amount to include for each category of students at the institution.

In the process of testing eligibility at the University of Texas at Dallas (University), auditors requested a cost of attendance budget from the Financial Aid Office, which is responsible for preparing student financial assistance packages. As test work progressed, it was determined that in some cases, the budget in the University's financial aid system did not agree with the budget provided. The Financial Aid Office was unable to provide an adequate explanation for how it arrived at the budget it used to make student awards for the 2004–2005 academic year, and auditors were unable to determine whether the amounts in the system, which the Financial Aid Office used in determining financial aid awards, were appropriate. University management reported that it used an internally-developed budget that is submitted to the Higher Education Coordinating Board (Coordinating Board) each year. However, for six of eight relevant categories of students, the budgets submitted to the Coordinating Board did not match the budgets recorded in the University's financial aid system. University management could not provide explanations for these differences.

In testing eligibility, auditors used the cost of attendance budgets recorded in the financial aid system and found no exceptions. However, if the amounts submitted to the Coordinating Board had been used, some students may have been eligible for larger awards because the cost of attendance figures submitted to the Coordinating Board were larger than the cost of attendance budgets used by the Financial Aid Office. It is important to note that factors other than cost of attendance, such as availability of funds within the University and lifetime award history of each student, affect the size of student awards. Therefore, auditors could not conclusively determine whether additional student financial assistance would have been awarded in these cases.

The University reported in the Schedule of Expenditures of Federal Award for 2004-2005 that it awarded $48,594,294 in federal financial assistance.

Recommendation:

The University's Financial Aid Office should develop additional internal controls over its process for determining and documenting the cost-of-attendance budget used to determine amounts of financial assistance for which students are eligible. This will help ensure that the budget the Financial Aid Office uses can be independently verified.

Management Response and Corrective Action Plan:

The Financial Aid Office submits all reports to external agencies to the Office of Institutional Research for approval prior to release to external agencies. This protocol was put in place in May, 2005. Requests to management on new tuition rates will be done in writing with signature sign off from administrative offices involved in the process of establishing tuition rates for new academic years. Testing of new rate in programming will continue as in the past but each test file will be identified by date with extension name of draft as part of the name. Also a new signed off protocol by the Associate Director of Financial Aid will be required with a copy to the Director of Financial Aid. Prior to implementing final rates into production programming, final electronic file will be labeled with date and extension name of "final." The Associate Director of Financial Aid will again sign off on the approval. Final approval by the Director of Financial Aid will be required before cost of attendance budgets are placed in electronic folder on financial aid network drive.

Implementation Date: *March 2006 when work begins on new tuition rates and cost of education programming*

Responsible Person: *Richard Cumming and Maria del C. Ramos*

Reference No. 06-67

Special Tests and Provisions - Disbursements To or On Behalf of Students

Student Financial Assistance Cluster
Award year - July 1, 2004 to June 30, 2005
Award number - CFDA 84.063 P063P043234, CFDA 84.033 P033A044174, CFDA 84.038 P038A044174, CFDA 84.007 PP007A044174
Type of finding - Material Weakness Control and Non-Compliance

Questioned Cost: $ 0

U.S. Department of Education

The *Student Financial Aid Handbook* (Volume 4, Chapter 2, pages 4-13 and 4-14) requires institutions to notify students in writing or electronically regarding the amount of funds the students and their parents can expect to receive from each student financial assistance program and how and when those funds will be disbursed. This notification must be sent no earlier than 30 days before and no later than 30 days after crediting the students' accounts.

The University of Texas at Dallas (University) asserts that it notifies students by e-mail; however, the e-mail notifications are not archived. This prevents verification of the proper notification within the specified time frame. As a result, there are no system controls that guarantee that the award notification is sent within the required period. The University provided $48,594,294 in financial assistance to students during the fiscal year ended August 31, 2005.

Recommendation:

The University should retain evidence that it has sent required notifications to students.

Management Response and Corrective Action Plan:

UTD reinitiated the protocol of hard copy paper notices for student borrower; one copy is mailed to the student, a second copy is maintained on file. This protocol will remain in effect until implementation of new student system.

Implementation Date: *October 2005*

Responsible Person: James Hubener and Maria del C. Ramos

University of Texas Health Science Center at Houston

Reference No. 06-68
Cash Management

Research and Development Cluster
Award year - Multiple
Award number - All Grants
Type of finding - Material Weakness Control

Questioned Cost: $ 0

Federal Agencies that Provide R&D Grants

The requirements of the Cash Management Improvement Act of 1990 (CMIA) are designed to minimize the time that elapses between the transfer of funds to recipients from the U.S. Treasury and the issuance or redemption of checks, warrants, or other payments by the recipient. To help ensure that it meets these requirements, the University of Texas Health Science Center at Houston (Health Science Center) requests the majority of the federal funds it is awarded from the U.S. Department of Health and Human Services on a weekly, cost-reimbursement basis. The Health Science Center's Post Award Finance Team (PAFT) is responsible for computing the drawdown amount based on the prior week's expenditures.

Internal policy requires that, before submitting a request for federal funds, the drawdown must be reviewed and approved by a PAFT team member other than the individual who computed the draw amount. However, the Health Science Center does not appear to have effectively implemented this control procedure. For 5 of the 37 federal cash drawdowns tested, the Health Science Center could not provide any evidence that the PAFT calculation review and approval occurred.

Three drawdowns also were not calculated entirely on a cost-reimbursement basis and, as a result, the amounts drawn exceeded paid expenditures. However, the Health Science Center expended those funds within the three-day requirement in Section 205 of the CMIA.

In addition, when auditors requested the documentation necessary to test the PAFT's review and approval of the cash drawdowns, the Health Science Center provided an altered drawdown document. The sign-off date on the drawdown summary page, which is supposed to be evidence of approval, was whited out on the document and an earlier date was written in.

The Health Science Center states that, during preparation for this audit, one of its PAFT employees compiled information requested by the auditors and sought to correct documents that lacked signatures or dates. The Health Science Center responded specifically to the altered drawdown documentation described above by stating that the information in the original document had been validated but was not originally signed by the reviewer. Prior to providing the unsigned document to auditors, the document was signed with the incorrect date and then subsequently corrected.

Recommendations:

The Health Science Center should evaluate its policies and procedures to ensure that there is evidence of the PAFT's review and approval of each drawdown. In addition, the Health Science Center should improve its control environment by providing or enhancing ethical guidelines and training to ensure that employees understand the importance of all transactions accurately reflecting events.

Management Response and Corrective Action Plan:

Although all FY 2005 drawdowns were in compliance with Section 205 of the CMIA, the Health Science Center re-evaluated its drawdown procedures in July, 2005 as part of an overall financial system upgrade. Effective with the July 20, 2005 drawdown, the Health Science Center implemented an enhanced drawdown control process. Although the associated procedure did not explicitly require written evidence of review and approval of drawdown support, such evidence has been consistently provided. The procedure has now been modified further to specifically require evidence of the review and approval of drawdown support.

The Health Science Center will augment its current General Compliance Training Program to include mandatory on-line compliance/ethics refresher courses for all employees. This training will be consistent with that already provided during new employee orientation which does emphasize accuracy of records and, specifically, appropriate methods for correcting errors or omissions in such records.

Implementation Date: *June, 2006*

Responsible Person: *Arlene Staller, Chief Legal and Compliance Officer*

Reference No. 06-69

Procurement and Suspension and Debarment

Research and Development Cluster
Award year - September 6, 2004 to May 31, 2005
Award number - CFDA 93.859 5P50GM038529
Type of finding - Reportable Condition Control and Non-Compliance

Questioned Cost: $ 17,000

Federal Agencies that Provide R&D Grants

Institutions of higher education, hospitals, and other non-profit organizations are required to follow procurement procedures that conform to applicable federal laws and regulations and standards identified in Office of Management and Budget (OMB) Circular A-110. These laws and regulations require that files document the significant history of the procurement, that procurements provide full and open competition, and the performance of appropriate cost or price analyses to support procurement actions, including contract modifications.

The University of Texas Health Science Center at Houston (Health Science Center) was unable to locate 2 of 50 procurement files auditors selected for testing. As a result, auditors were unable to determine whether those two procurements, with a total value of $17,000, were made in accordance with the requirements of OMB Circular A-110 described above.

Recommendation:

The Health Science Center should retain support for all procurements to demonstrate compliance with OMB Circular A-110.

Management Response and Corrective Action Plan:

The University of Texas Health Science Center - Houston (UTHSC-H) concurs with the recommendation. UTHSC-H gives individual departments the authority to issue purchase orders up to the amount of $5,000. Each department has the responsibility to maintain complete files of all purchase transactions. If the amount of the purchase order is subsequently modified, it requires the approval of a buyer in Purchasing. The buyer reviews the need for the modification with the department and approves the transaction electronically in the system. The supporting documents continue to be maintained by the department.

Record maintenance is currently included within the procurement training curriculum, but is not currently included in the Buyer's Guide. The Buyer's Guide will be amended to include material reinforcing the record maintenance training. In addition, an institutional broadcast will be sent out to all procurement system users reminding them of the record-keeping responsibilities.

In the case of the two items which could not be located, Procurement has recently worked with the Medical School to implement a centralized purchasing team to support the Medical School under the management direction of the Procurement Department. As of January 1, 2006, we have incorporated substantially all departments within the Medical School into this new process. Procurement is now responsible for maintaining all purchasing files for the Medical School regardless of the amount of the purchase order.

Implementation Date: *February 2006*

Responsible Person: *Jerry Fuller*

Reference No. 06-70

Subrecipient Monitoring

Research and Development Cluster
Award year - September 1, 2004 to August 31, 2005; June 1, 2004 to May 31, 2005; September 30, 2004 to September 29, 2005; September 27, 2004 to July 31, 2005
Award number –CFDA 93.273 5R01AA013642, CFDA 93.856 5R01AI046556, CFDA 93.867 5U10EY12471, CFDA 93.389 1R25RR020543
Type of finding - Reportable Condition Control and Non-Compliance

Questioned Cost: $ 0

Federal Agencies that Provide R&D Grants

Pass-through entities must ensure that each subrecipient expending $500,000 or more in federal awards during the subrecipient's fiscal year has met the audit requirements of Office of Management and Budget Circular A-133. The University of Texas Health Science Center at Houston (Health Science Center) requires that each subrecipient submit an A-133 audit certification statement or a copy of its audit before the subrecipient agreement is executed.

Three of 50 subrecipient files tested did not contain A-133 audit certification statements or other evidence that the required A-133 audits were performed. In one additional instance, the Health Science Center incorrectly accepted a certification from a school district claiming exemption from the A-133 audit requirement. Information on the Federal Audit Clearinghouse Web site (http://harvester.census.gov/sac) indicated that all four subrecipients had completed the required audits and had "no findings." However, in the first three instances, the Health Science Center did not follow its policy to obtain subrecipient A-133 audit certifications prior to executing the subrecipient agreement, and it could not provide any evidence that these three subrecipients' audit results had been received or verified by the Health Science Center prior to the auditors' request for this information.

Recommendation:

The Health Science Center should obtain subrecipient A-133 audit certifications or copies of subrecipients' audits prior to executing subrecipient agreements.

Management Response and Corrective Action Plan:

The University of Texas Health Science Center - Houston (UTHSC-H) concurs with the recommendation. The Office of Sponsored Projects (OSP) took over the responsibility for A133 subrecipient monitoring in June 2004 from the Post Award Finance Team. The period covered by this audit was during the transition period when OSP personnel were being trained and procedures were being developed for reviewing subrecipient compliance.

All subcontract personnel in OSP have now been trained in Subrecipient Monitoring and controls are in place. All subcontracts processed where UTHSC-H is the "prime" require that the subrecipient provide UTHSC-H with its most current or last A-133 audit certification. This requirement has been made part of the subcontract processing review checklist and follow-up is done with the subrecipient entity until the audit certification form is received. Only at that point can the subcontract document be signed and the award set up. The certification form is imaged as part of the permanent file.

In the past there was some confusion concerning dates of the A-133 audit. The certification letter was revised in December 2005 to clarify "current" vs. "last completed". If the last completed is not within the fiscal year, OSP will follow-up to obtain the current audit 30 days after the anticipated date of completion.

If a subrecipient returns a certification form indicating an exemption, OSP will further research this to verify accuracy of the exemption. If audit findings are disclosed by a subrecipient, the certification form is sent to Auditing and Advisory Services for review and, based upon that review/recommendation, OSP management makes the decision to finalize the subcontract.

Implementation Date: *December 2005*

Responsible Person: *Johnna Kincaid*

University of Texas Medical Branch at Galveston

Reference No. 06-71
Allowable Costs/Cost Principles
Cash Management
Matching
Period of Availability
Reporting

Research and Development Cluster
Award year - 2005
Award number - All Research and Development Grants
Type of finding - Material Weakness Control and Non-Compliance

Questioned Cost: $ 0

Federal Agencies that Provide R & D Grants

Recipients of federal awards are required to have financial management systems that (1) accurately disclose the financial results of each federally-sponsored project or program; (2) identify adequately the source and application of funds for federally-sponsored activities; and (3) provide effective control over and accountability for all funds, property, and other assets (per OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, Section _.21).

In September of 2003, the University of Texas Medical Branch at Galveston (Medical Branch) implemented a new accounting system, converting from a mainframe to a complex database system. In the subsequent periods, the Medical Branch began to identify a number of problems with the system implementation. Of particular concern were problems with one module of the database system. This module is the basis for billing the federal government for research and development grants. It also contains information, such as the agreed-upon F&A (facilities and administration or indirect cost) rate and base for each grant, used to allocate costs among the various Medical Branch accounts. The Medical Branch was also experiencing problems with its time and effort reporting.

Subsequently, the Medical Branch contracted with an external specialist to identify the nature and extent of the compliance and operational problems with the system implementation. The Medical Branch expects that process to be complete in December 2006.

The Medical Branch's inadequate planning for and management of its financial management systems represents an overall control weakness in the accounting for federal programs and noncompliance with Uniform Administrative Requirements. During the audit period (fiscal year ended August 31, 2005), Medical Branch management did not know the full effect of the implementation problems on its accounting for federal programs, which represents a material weakness in management's controls over research and development programs. The compliance requirements most affected by these controls are Allowable Costs/Cost Principles, Cash Management, Matching, Period of Availability, and Reporting requirements.

In the third quarter of fiscal year 2005, the Medical Branch implemented a manual control to detect and correct any salary payments in excess of the limits set by the National Institutes of Health (NIH), which funds many of the Medical Branch's research and development programs. However, this control does not appear to be effective. It was not possible to determine within a reasonable amount of time the extent of noncompliance or whether there were questioned costs, but auditors identified at least two instances when the control did not detect overpayment of salary for the quarter tested.

On December 6, 2005, the Medical Branch advised the National Institutes of Health (NIH), which funds many of the Medical Branch's research and development programs, of compliance issues related to this system conversion. Among the issues specifically identified were billings, cost allocation, and noncompliance with NIH salary caps.

The Medical Branch reported total expenditures of $129,600,257 for the research and development cluster in the Schedule of Expenditures of Federal Awards in the fiscal year ended August 31, 2005.

Recommendation:

To help ensure that the Medical Branch's financial management system conforms to Uniform Administrative Requirements and can be relied upon for the management and reporting of sponsored programs, the Medical Branch should continue its efforts to identify and correct system problems that affect the accounting for its federal programs.

Management Response and Corrective Action Plan:

Senior leadership at the Medical Branch is actively involved in the ongoing operational changes necessary to achieve research compliance, including resolution of system problems, accuracy of Time and Effort reporting, and integration of key operational areas which may affect the accounting for its federal programs. Efforts were initiated in August 2004 that led to an upgrade in July 2005 of the database system; the upgrade resolved the majority of the technical issues encountered with the system implementation. Additionally, specific projects addressing grants administration operational and accounting issues were initiated in November 2004 and continue at this time. In November 2005, an integrated team of senior leaders began an effort to strengthen our infrastructure and foundation to support our expanding research enterprise. Many corrective actions have already been taken, including reviewing and refreshing, a variety of policies and operating procedures during the early months of FY 2006.

A manual review and reconciliation was undertaken to scrutinize all Time & Effort entries for FY 2005, including approximately 4,500 worksheets detailing certification periods by individual. Secondary reviews of this data resulted in identification of improvements that could be made in the reconciliation process and these are being retrospectively incorporated into the FY 2005 review. The manual reconciliation process will continue for all periods until an automated system can be implemented for management of Time & Effort. Accountability for accurate entry of Time and Effort will be re-emphasized and continues to be the responsibility of each individual at all levels of involvement with the system. A mandatory, comprehensive training program for all those entering and/or reconciling time is being implemented in March 2006 to reinforce the Time & Effort guidelines.

Due to the complex nature of the issues and database systems we continue to monitor and refine our processes. Senior leadership is committed to providing effective control over and accountability for all federally sponsored activities. We will provide the status of our corrective actions to address this finding at the next quarterly audit finding update.

Implementation Date: *December 2006*

Responsible Person: *William New*

Reference No. 06-72

Equipment and Real Property Management

Research and Development Cluster
Award Year - Multiple
Award Number - All Grants from which equipment was acquired with federal funds
Type of finding - Reportable Condition Control and Non-Compliance

Office of Management and Budget Circular A-110, Subpart C, sets forth standards for obtaining consistency and uniformity among federal agencies in the administration of grants to and agreements with institutions of higher education, hospitals, and other non-profit organizations. Those standards specify, among other requirements, that records for equipment acquired with federal funds document whether title is vested in the recipient or the federal government.

Questioned Cost: $ 0

Federal Agencies that Provide R & D Grants

The University of Texas Medical Branch at Galveston's (Medical Branch) Asset Management System includes fields for required equipment and real property information, such as description (including serial number or other identification number), source, acquisition date and cost, location, condition, and ultimate disposition data (including date of disposal and sales price or method used to determine current market value). However, the Asset Management System does not include a field identifying who holds title to the research equipment purchased with federal funds. Without this information, Medical Branch personnel could improperly dispose of federally-owned equipment.

Property records for 30 of 30 research equipment items acquired with federal funds did not contain information identifying who holds title to the equipment.

Recommendation:

The Medical Branch should modify its Asset Management System to include a field that identifies whether title to research equipment is held by the grant recipient or the federal government.

Management Response and Corrective Action Plan:

During 2005, UTMB developed a strategy for handling the separate tracking of assets where the federal government retains ownership. These assets will have an inventory distinguishable from other UTMB inventory tags and will be recorded and maintained in a separate inventory record system.

Within the PeopleSoft asset management system, a separate attribute has been defined to identify those sponsored projects where title resides with the Federal Government. Research Services is identifying those projects and will have a list of the covered equipment by 1/31/06. Asset Management is prepared to place the separate tags and handle the segregation of these assets immediately. It is expected that there are less than 20 pieces of equipment affected by this new tracking system.

UTMB will send an update to the SAO as soon as this is completed.

Implementation Date: *February 2006*

Responsible Person: *Dan Goggin*

Reference No. 06-73

Procurement and Suspension and Debarment

Research and Development Cluster
Award Year - March 1, 2004 to February 28, 2005 and September 30, 2003 to March 31, 2009
Award Number - CFDA 93.853 NIH 2 R01 NS030045-10, CFDA 93.000 NIH N01-AI-30065
Type of Finding - Reportable Condition Control and Non-compliance

Questioned Cost: $ 0

Federal Agencies that Provide R&D Grants

Federal rules require that, when a non-federal entity enters into a covered transaction that is expected to equal or exceed $25,000 with an entity at a lower tier, the non-federal entity must verify that the entity at the lower tier is not suspended, debarred, or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the U.S. General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity.

Procurement policies for the University of Texas Medical Branch at Galveston (Medical Branch) require that purchasing managers or buyers with a delegated authority over $25,000 review all procurements using more than $25,000 in federal funds to ensure that the vendor is not on any federal or state excluded, suspended, or debarred list. The Medical Branch's procurement policy further states the buyer shall ensure that all purchase orders/contracts/agreements using federal funds that are greater than or equal to $25,000 include a federal/state debarment affirmation.

Of 30 procurements tested, 12 were greater than or equal to $25,000. Of these 12, 2 did not have the required suspension and debarment certifications. The EPLS indicated that neither vendor was suspended or debarred.

Recommendation:

The Medical Branch should enforce its procurement policies to ensure that each vendor with which it is entering into a procurement transaction valued at $25,000 or above is not suspended, debarred, or otherwise excluded from federal procurement activity.

Management Response and Corrective Action Plan:

Management agrees with the audit finding regarding review of procurements over $25,000 and the need to ensure that required suspension and debarment certifications are included as part of the standard operating procedure. The Purchasing Department has a standard operating procedure that outlines the necessity of this process. Immediately following the SAO audit, the training was repeated with employees. The Purchasing Department will continue to monitor the compliance with this requirement and realizes that the incidents identified by the State Auditors were an oversight by the department.

Implementation Date: *Immediate- January 2006*

Responsible Person: *Dan Goggin*

Reference No. 06-74

Subrecipient Monitoring

Research and Development Cluster
Award year - 2005
Award number - See Below
Type of finding - Reportable Condition Control and Non-Compliance

An entity that passes federal funds through to subrecipients is required to monitor the subrecipients' use of federal funds through reporting, site visits, regular contact, or other means. This monitoring should be adequate to provide reasonable assurance that subrecipients administer federal awards in compliance with laws, regulations and provisions of contracts or grant agreements (per Office of Management and Budget Compliance Supplement, Part 3, Section M).

Questioned Cost: $ 0

U.S. Department of Health and Human Services

For 8 of 30 projects tested that involved subrecipients, the University of Texas Medical Branch at Galveston (Medical Branch) did not have evidence that it monitored the subrecipients during the projects.

Award Numbers -

- CFDA 17.261 AH124700260
- CFDA 93.000 N01-HV-28184
- CFDA 93.822 1 D18 HP 10040-03-00
- CFDA 93.359 6 D66HP01379-02-01
- CFDA 93.856 1 U54 AI057156-02, 5 U54 AI057156-02
- CFDA 93.865 1 P01 HD0389833-03, 5 P01 HD039833-03

Recommendation:

The Medical Branch should retain evidence that it has properly monitored subrecipients during research and development projects.

Management Response and Corrective Action Plan:

Research Services established a subrecipient administrative review program in late summer 2005. A checklist and standard procedure have been identified. In the four months since the inception of this program, work has been started to include all subrecipients in a review process but because of the time frame since inception, not all the population has been incorporated. Certain sponsored projects that may have been administered in areas at UTMB other than Research Services have now been included in the population of projects that will be administered as part of this function. The program is expanding to include all prior subrecipients and the current ones being added.

Implementation Date: *Immediate and ongoing*

Responsible Person: *William G. New*

University of Texas - Pan American

Reference No. 06-75
Reporting - Pell Payment Data

Student Financial Assistance Cluster
Award year - July 1, 2004 to June 30, 2005
Award number - CFDA 84.063 P063P042296
Type of finding - Material Weakness Control and Material Non-Compliance

Questioned Cost: $0

U.S. Department of Education

Institutions submit Pell Grant origination records and disbursement records to the U.S. Department of Education's Common Origination and Disbursement (COD) System. Origination records can be sent in advance of any disbursements, as early as an institution chooses to submit them for any student it reasonably believes will be eligible for a payment. The institution follows up with a disbursement record for that student no more than 30 days before a disbursement is to be paid. Institutions must report the student payment data (1) within 30 calendar days after they make payments or (2) when they become aware of the need to make an adjustment to previously reported student payment data or expected student payment data. Federal rules specify that institutions may do this by reporting once every 30 calendar days, bi-weekly, or weekly, or they may set up their own systems to ensure that changes are reported in a timely manner.

For the 2004–2005 award year, the University of Texas - Pan American (University) had procedures for the submission of origination and disbursement records. However, the University did not follow these procedures in a timely manner. After the University became a full participant in using COD for the 2004–2005 award year, it had difficulty with the new COD software for full participants; it also lost certain key information technology personnel. Within a random sample of 30 students (which included 63 Pell Grant disbursements), 31 disbursements were reported to COD more than 30 days after the University made the payments to the students. Twenty-four of the 30 students tested had late submissions. In addition, 8 disbursements were reported to COD with incorrect disbursement dates. However, auditors noted that the required data elements for both disbursement and origination records were properly included in the transmission files. The University disbursed $26,003,709 in Federal Pell Grants during the 2004–2005 award year.

Recommendations:

The University should investigate Pell Grant submissions with resulting COD error codes of "055" (which mean that submission of information occurred more than 30 days after the University made the payment to the student). It should also conduct cross-training on the COD software. If a manual entry is made on the COD system, the original disbursement date to the student's account should be used in the transmission.

Management Response and Corrective Action Plan:

Management concurs with the findings and recommendation. Due to technical issues implementing COD for the 2004-2005 award year and key staff turnover, the resubmissions of rejected files were not submitted in a timely manner which also caused delays in the disbursement records. These issues were resolved prior to the audit.

Our Financial Aid Office has a Desk Manual for each area for easy reference and training. Our Pell Grant Coordinator has updated the Desk Manual for that area to include the procedures for posting manual entries on the COD system, including the original Disbursement Date to the student's account. Cross training has been done between the Pell Grant Coordinator and the Assistant Director over the Pell Grant Program. Pell originations and disbursements are being reported bi-weekly to ensure the 30 day reporting is being adhered to.

Implementation Date: *January 2006*

Responsible Person: *Michelle Alvarado*

University of Texas at San Antonio

Reference No. 06-76
Eligibility

Student Financial Assistance Cluster
Award year - September 1, 2004 to August 31, 2005
Award number - CFDA 84.063 P063P043294
Type of finding - Material Weakness Control and Non-Compliance

A person must be enrolled as a regular student in an eligible program in order to receive federal student assistance funds. A regular student is someone who is enrolled or accepted for enrollment in an eligible institution for the purpose of obtaining a degree or certification offered by the school (per Title 34, Code of Federal Regulations, Section 668.32).

Questioned Cost: $ 2,025

U.S. Department of Education

According to the *Student Financial Aid Handbook*, institutions are required to document a student's enrollment in an eligible program only at the time of admission. However, institutions must have a system to notify the financial aid office if the student leaves the program at any time during the course of enrollment. Institutions must also document that a recipient of assistance is a regular student.

The University of Texas at San Antonio's (University) course registration automated system does not notify the financial aid office when a student leaves an academic program. In addition, if a course is dropped with a drop/delete indicator, all remaining courses are deleted, even if the intention was to drop only one course. As a result of these programming problems, the University awarded a Pell Grant to one student (in a sample of 30 students) who was listed with a status of inactive and for whom there is no record of withdrawal or satisfactory academic progress for enrolled coursework. The University's automated system completely deleted all courses for this student, and no notification to the financial aid office was made. Further, the University gave a 100 percent refund to the student, and that refund included proceeds from a Pell Grant for $2,025. The fall 2004 semester began August 25, 2004; the Pell Grant was awarded August 27, 2004; and all coursework was dropped between August 31, 2004, and September 1, 2004. No official withdrawal documentation was completed for this out-of-state student, and no Title IV funds were returned to the U.S. Department of Education.

The University awarded $ 24,263,821 in Federal Pell Grants assistance during the 2004-2005 award year.

Recommendation:

The University should correct the automated system to ensure that the financial aid office is notified about students who drop all coursework. The automated system also should be corrected so that if one course is dropped, enrollment for all coursework will not be deleted. The University should review all similar instances of students with coursework that was "drop/deleted" to determine whether it should return other unearned financial assistance to the U.S. Department of Education.

Management Response and Corrective Action Plan:

The Office of Financial Aid has reviewed the questioned student's account and based on that review, it was determined that she withdrew from the University on August 31, 2004. This date is after the start of the Fall 2004 semester. A return of Title IV calculation has been performed and $1883.25 in PELL has been returned.

The Office of Financial Aid does receive and process a list of students that have withdrawn and dropped all of their courses. This list is reviewed at least weekly and Return of Title IV calculations are processed at that time. This list has been processed and reviewed on a regular basis.

The Office of the Registrar has reviewed the issue regarding the deleted courses on Banner. The "DD" code is utilized on Banner to delete a course due to an error during registration. Once a staff member uses the "DD" code, they must then remove that course from the record. If the course is not removed, Banner sees the course as still existing. Students are not allowed to completely withdraw from courses via the web. They can drop all but one course on the web but must then come to UTSA to withdraw completely. In the case of the student in question, the system could see the "DD" course and viewed that as the one remaining course and therefore, allowed her to completely drop from the web on August 31, 2004 and then deleted the courses. The PELL grant had disbursed on August 27th because the student was still enrolled in courses. Because the courses were deleted, the student was not identified on the withdrawal list that is used to process Return of Title IV calculations.

Instructions have been provided to all staff that have update access to the registration screen to completely remove the "DD" course when they make the adjustment. The Office of the Registrar is currently working a list daily of any "DD" courses that still exist on the system. This list is reviewed and the "DD" courses are then removed. By removing the "DD" codes from the student's record, if the student should then attempt to withdraw from the university via the web, they will be prevented from withdrawing completely and the courses will not be deleted but will actually show as dropped courses via the web. The student would then have to come to UTSA and completely withdraw from the university. The Office of Student Financial Aid currently produces a list of student withdrawals and processes Return of Title IV accordingly.

The Office of the Registrar is also working with Information Technology to correct the issue more systematically by reviewing the problems that are occurring on Banner by the utilization of the "DD" code. This will require programming changes and a potential modification to Banner. Until the programming can be completed, the designated staff members from the Office of the Registrar will manually adjust any "DD" codes from the list that it produces daily.

The Office of the Registrar is also providing a list of all "DD" codes to the Office of Financial Aid that were previously adjusted to determine if additional funds must be returned due to withdrawals. The Office of Financial Aid will review the list and process Return of Title IV calculations accordingly.

Implementation Date: *January 2006*

Responsible Person: *Joe DeCristoforo*

Reference No. 06-77
Eligibility

Student Financial Assistance Cluster
Award year - September 1, 2004 to August 31, 2005
Award number - CFDA 84.007 P007A044169
Type of finding - Reportable Condition Control and Non-Compliance

In determining awards for Federal Supplemental Educational Opportunity Grants (FSEOG), an institution must first select students with the lowest expected family contributions (EFC) who also receive Pell Grants in that year (per Title 34, Code of Federal Regulations, Section 676.10).

Questioned Cost: $ 600

U.S. Department of Education

The University of Texas at San Antonio's (University) eligibility requirement policy for the 2004–2005 award year was to award FSEOGs to students who received Pell Grants but still had remaining financial need. However, the policy did not consider which of the students who were awarded Pell Grants had the lowest EFCs. One student in our sample of 30 students had an EFC of $2,123 and received an FSEOG award of $600. But a review of all full-time students who received Pell Grants for the 2004–2005 award year indicated that there were 2,212 other students who had EFCs of $0 but were not awarded FSEOGs. These students should have been given priority over the student who had an EFC of $2,123.

The University changed its FSEOG eligibility policy for the 2005–2006 award year to give priority to students with the lowest EFCs.

The University reported in the Schedule of Expenditures of Federal Awards that it awarded $961,294 in FSEOG grants during 2004-2005.

Recommendation:

In determining FSEOG awards, the University should give priority to students who receive Pell Grants and who have the lowest EFCs.

Management Response and Corrective Action Plan:

The awarding philosophy of the Office of Student Financial Aid is to award grant funds to the neediest students on a first-come, first-serve basis. Limited grant funds such as the Federal Supplemental Educational Opportunity Grant (FSEOG) are awarded to students based on their need, PELL eligibility and date of application.

The Federal Student Aid Handbook provides guidance for the priority awarding of FSEOG. The Federal Student Aid Handbook reads as follows: "When awarding FSEOG funds for an award year, you must first select students with the lowest expected family contributions (EFC) who will also receive PELL Grants in that award year. This group is known as the FSEOG first selection group. If your school has remaining FSEOG funds after making awards to all PELL Grant recipients for that award year, you must next select students with the lowest EFCs who are not receiving PELL Grants. This group of students is known as the FSEOG second selection group." Based on this guidance, the Office of Student Financial Aid at UTSA interpreted the regulation for priority awarding of FSEOG as follows: Since the Federal Student Aid Handbook did not specifically define "lowest EFCs" as $0 EFCs, UTSA defined "lowest EFCs" as students receiving the PELL Grant. The first priority packaging group for FSEOG during 2004-05 were PELL eligible students. After guidance from the National Association of Student Financial Aid Administrators who provided more specific definitions and guidance, the packaging philosophy at UTSA was incorrect and must be adjusted to first give FSEOG to $0 EFC students.

Each year the Office of Student Financial Aid evaluates the current awarding philosophy and the awards made to students and makes changes to their awarding philosophy so that funds can be distributed in a fair and equitable manner to as many students as possible. After reviewing the 2004-05 award year, changes were made to the awarding philosophy so that limited grant funds could be distributed more efficiently across the student population. After reviewing the fund distribution, more than 18 packaging groups were created so that we could distribute grant funds to more students. As a result of this analysis and the additional packaging groups, UTSA has already implemented the appropriate procedures to change the incorrect priority awarding of FSEOG grants. The packaging group that will be awarded FSEOG will be $0 EFC and PELL eligible students. This new packaging philosophy, implemented for 2005-06, meets the requirement of the recommendations for this finding. The University began awarding FSEOG to $0 EFC and PELL eligible students first at the start of the awarding cycle in May 2005. Based on UTSA's student population, the University anticipates that there will not be enough FSEOG to award past the $0 EFC student population.

Implementation Date: *May 2005*

Responsible Person: *Lisa Blazer*

Reference No. 06-78

Reporting

Student Financial Assistance Cluster
Award year - July 1, 2004 to June 30, 2005
Award number - Not applicable for CFDA 84.063, CFDA 84.038 P038A044169, CFDA 84.007 P007A044169, CFDA 84.033 P033A044169
Type of finding - Reportable Condition Control and Non-compliance

Questioned Cost: $ 0

U.S. Department of Education

The *Fiscal Operations Report and Application to Participate* (FISAP) is an electronic report that an institution must submit annually to the U.S. Department of Education in order to receive funds for campus-based programs. Institutions use the Fiscal Operations Report portion of the FISAP to report expenditures in the previous award year, and they use the Application to Participate portion of the FISAP to apply for the following year. FISAPs are required to be submitted by October 1 following the end of the award year, which is always June 30. Institutions must retain accurate and verifiable records for program review and audit purposes (per the *Instruction Booklet for Fiscal Operations Report and Application to Participate*, page 4).

The University of Texas at San Antonio (University) could not provide supporting documentation for Pell Grants on its FISAP. In addition, the University incorrectly included $5,696,477 in Texas Grants, Robert C. Byrd Honors Scholarships, and Fifth Year Accounting Student Scholarships as state grants and scholarships made to undergraduates on its FISAP. The University makes the final decision on which students receive these funds, but only state financial assistance for which the University does not make the final decision should be included within state grants and scholarships made to undergraduates (per the *Instruction Booklet for Fiscal Operations Report and Application to Participate*, pages 11-12).

The University reported in the Schedule of Expenditures of Federal Awards that it awarded $131,363,341.34 in federal financial assistance to students during 2004-2005.

Recommendation:

The University should retain documentation to support all amounts on the FISAP. The University should establish procedures that will help ensure that the appropriate award information is included in the FISAP.

Management Response and Corrective Action Plan:

The Office of Student Financial Aid at UTSA pulls the information for the PELL grant expenditures directly from the Banner Student Financial Aid Module and the DEFINE accounting ledger. This information was collected at the time of preparation for the 2004-05 FISAP and was based on the expenditures as of that date. The Office did not retain the reconciled PELL information to serve as back-up for the amount reported on the FISAP.

For future FISAP processes, the responsible individual completing the FISAP will retain the documentation that supports the PELL expenditures at the time of FISAP completion. This information will include information from Banner and DEFINE to verify the account is reconciled and that expenditures have been made. The Compliance Coordinator in the Office will retain a copy of the reconciliation and expenditure amount to support the amount reported on the FISAP.

The interpretation of the Office to report the Texas Grant on the FISAP was based on the fact that the University does not create the requirements for the grant and does not go through a formal selection process for determining who receives the funds. If there were enough funds for all eligible students, the University would not have any say in the selection of students. The University "selects" students through first-come, first-serve basis, which indicates the funds should not be reported on the FISAP.

Appropriate state grants and scholarships will be reported on the next FISAP. Based on information received from the Texas Higher Education Coordinating, the University is required to use Texas Grant will as the match for LEAP and SLEAP for the 2005-06 award year. Per instructions on the FISAP, any funds used to match LEAP and SLEAP must be included as state grants and scholarships. For the 2005-06 award year, the only portion of Texas Grants that will be reported on the FISAP will be the amounts that are used to match LEAP and SLEAP. The University is currently matching LEAP and SLEAP with Texas Grant funds for the 2005-06 award year.

Implementation Date: *January 2006*

Responsible Person: *Lisa Blazer*

Reference No. 06-79

Special Tests and Provisions - Verification

Student Financial Assistance Cluster
Award year - July 1, 2004 to June 30, 2005
Award number - CFDA 84.063 P063P043294, CFDA 84.033 P033A044169, Not applicable for CFDA 84.032
Type of finding - Reportable Condition Control and Non-Compliance

Questioned Cost: $ 17,357

U.S. Department of Education

Students who receive Title IV financial assistance at public universities are subject to having information from their Free Applications for Federal Student Aid (FAFSA) verified. According to Title 34, Code of Federal Regulations, Section 668.56, when FAFSAs are selected for verification, items that are required to be verified 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, IRA/Keogh deductions, foreign income exclusion, earned income credit, and interest on tax-free bonds.

For 2 of 50 students tested, the University of Texas at San Antonio (University) could not provide auditors with documentation it collected during the verification process. Without this documentation, auditors were unable to determine whether these students' FAFSAs were verified before they received federal assistance.

The University reported in the Schedule of Expenditures of Federal Awards that it awarded $131,363,341.34 in federal financial assistance to students during 2004-2005.

Recommendation:

The University should improve its procedures for storing verified documentation.

Management Response and Corrective Action Plan:

The Office of Student Financial Aid has implemented a new system of imaging documents. The University purchased SCT WebXtender, which will allow the office to image documents and log them onto the Banner Financial Aid Module. The imaging system was installed this year and the office is currently imaging all 2005-06 documents that have been processed and received. For the 2006-07 award year, documents will be imaged as soon as they arrive in the Office of Financial Aid or Enrollment Services via fax, front counter, drop box or mail. Once the documents are imaged, the Financial Aid Officer will be notified via email through Banner workflow or population selections that the student's file is ready to be processed. The Financial Aid Officer will process verification from their desktop utilizing the imaged document. Paper files will no longer be routed to the Financial Aid Officer but sent directly to storage once the document is imaged. This will prevent documents from being routed to several areas in the office to avoid lost documents. The Office of Financial Aid created a position to oversee the Imaging system and has also created additional positions to perform the imaging and indexing of all financial aid documents.

Implementation Date: *March 2006*

Responsible Person: *Lisa Blazer*

Reference No. 06-80

Special Tests and Provisions - Disbursements To or On Behalf of Students

Student Financial Assistance Cluster
Award year - July 1, 2004 to June 30, 2005
Award number - Not Applicable for CFDA 84.032, or CFDA 84.038
Type of finding - Reportable Condition Control and Material Non-Compliance

Questioned Cost: $ 0

U.S. Department of Education

If an institution credits a student's account at the institution with Direct Loan, Federal Perkins Loan (FPL), or Federal Family Education Loan Program (FFELP) funds, no earlier than 30 days before and no later than 30 days after crediting the student's account at the institution, the institution must notify the student or parent of (1) the date and amount of the disbursement and (2) the student's or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan. The requirement of FFELP funds applies only if the funds are disbursed by electronic funds transfer payment or master check (per Title 34, Code of Federal Regulations, Section 668.165).

The University of Texas at San Antonio (University) uses e-mail to notify students of the FFELP and FPL disbursements. The University generates the e-mails per FFELP electronic fund transfer reports and various other system-generated reports. However, the University does not have a process in place to ensure all students and parents are notified. Of the 34 students sampled for disbursements on FFELP and FPL, required evidence of notifications for eight students could not be located. As reported in the Schedule of Expenditures of Federal Awards for 2004-2005, the University disbursed $104,636,028 in FFELP loans and Perkins loans during the fiscal year 2004-2005.

Recommendation:

The University should implement a process to ensure that all students and parents receive the required notification regarding FFELP and Perkins loans.

Management Response and Corrective Action Plan:

After reviewing the process for sending out EFT notifications to students, it was determined that the population selection used to select students for email notifications was incorrect. This caused students to not receive the appropriate EFT notification within the 30 day timeframe of receiving federal student loan disbursements. The Director of Student Financial Aid consulted with the Information Technology Department and corrected the problem. Since the correction has been made, the Office of Student Financial Aid has reviewed the EFT recipients and determined that the population selection is now correct and all students receiving EFT disbursements are receiving EFT notifications. At this time, we are currently mailing paper letters to students once a week to ensure we meet the 30 day requirement.

Implementation Date: *December 2005*

Responsible Person: *Lisa Blazer*

University of Texas Southwestern Medical Center at Dallas

Reference No. 06-81
Cash Management

Research and Development Cluster
Award year - All Grants
Award number - All Grants
Type of finding - Reportable Condition Control

Questioned Cost: $ 0

Federal Agencies that Provide R&D Grants

The University of Texas Southwestern Medical Center at Dallas (Medical Center) has selected the reimbursement method of cash management. When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the federal government (Office of Management and Budget Circular A-110, Subpart C, Section .22).

From September 2004 until April 11, 2005, the Medical Center's *Letter of Credit Drawdown Report* (an Excel file used to calculate the federal draw amount) contained a calculation error. For each draw during that time period, this calculation error caused the amount to be drawn to be overstated. However, the Medical Center did not actually draw down too much in federal funds at any point during the year because (1) it rounds the amount to be drawn down to the nearest $100,000 and (2) the draw amount did not include overhead expenses that had been incurred but not yet charged to federal accounts. However, the calculation error represents a weakness in cash management controls. An automated system is in place to help calculate the federal draw amounts, but much of the cash draw process is still manual, with little or no review of manual input.

Recommendation:

The Medical Center should design and implement controls to prevent drawdown amounts that exceed expenditures. Specifically, it should consider implementing a review process for manual entries and calculations used in the drawdown process.

Management Response and Corrective Action Plan:

We concur with the recommendation. Currently, we have enhanced our cash management controls to include monthly managerial review procedures to ensure reconciliations for all manual entries and calculations used in the drawdown process are appropriate, complete and accurate.

Implementation Date: *April 2005*

Responsible Person: *George Kokoruda*

Reference No. 06-82

Procurement and Suspension and Debarment

(Prior Audit Issue - 05-65)

Research and Development Cluster
Award year - July 1, 2004 to June 30, 2005 and May 1, 2004 to April 30, 2005
Award number - CFDA 93.837 5P01HL02094829 and CFDA 93.859 5R01GM05632210
Type of finding - Reportable Condition Control and Non-Compliance

Questioned Cost: $ 0

Federal Agencies that Provide R&D Grants

Federal rules require that, when a non-federal entity enters into a covered transaction that is expected to equal or exceed $25,000 with an entity at a lower tier, the non-federal entity must verify that the entity at the lower tier is not suspended, debarred, or otherwise excluded from federal contracts. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the U.S. General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity.

The University of Texas Southwestern Medical Center at Dallas's (Medical Center) procurement policy requires vendor suspension and debarment certifications for transactions greater than or equal to $25,000. However, a recent addition to the Medical Center's procurement procedures applies only to procurements greater than $25,000. Therefore, in practice, the Medical Center is applying the suspension and debarment requirement only to procurements greater than $25,000.

Two of 51 vendor files tested did not have suspension and debarment certifications. The EPLS indicated these two vendors were not suspended or debarred.

Recommendation:

The Medical Center should ensure that all vendors that are awarded contracts greater than or equal to $25,000 are not suspended or debarred from federal contracts.

Management Response and Corrective Action Plan:

We concur with the recommendation. To ensure compliance with the Federal Procurement and Debarment Guidelines outlined in OMB Circulars A-133 and A-110, the following procedures were implemented July 2005.

- *For Purchases greater than or equal to $25,000 on accounts from Federal agencies (account numbers 25000-37999) the Buyer will investigate whether the vendor has been suspended or debarred by utilizing the following federal government website - General Service Administration's Excluded Parties List System - http://epls.arnet.gov/*
- *The Buyer will inquire by vendor name. A printed copy of the records search will be attached and included in the completed purchase order file.*
- *In the event the vendor is found to be on the Excluded Parties List, the file will be forwarded to the Assistant Director for further action.*

It is the policy of the University of Texas Southwestern Medical Center at Dallas that no contract shall be made to parties listed on the General Services Administration's List of Parties Excluded from Federal Procurement or Nonprocurement Programs in accordance with E.O.'s 12549 and 12689, "Debarment and Suspension".

Implementation Date: *July 2005*

Responsible Person: *Joe Behrens*

Reference No. 06-83

Procurement and Suspension and Debarment

Research and Development Cluster
Award year - August 1, 2003 to July 31, 2006 and July 1, 2004 to June 30, 2006
Award number - CFDA 93.837 5U01HL06688004, CFDA 93.847 5R01DK00389244
Type of finding - Reportable Condition Control and Non-Compliance

Institutions of higher education, hospitals, and other non-profit organizations are required to follow procurement procedures that conform to applicable federal laws and regulations and standards identified in Office of Management and Budget Circular A-110. These laws and regulations require that files document the significant history of the procurement, that procurements provide full and open competition, and the performance of appropriate cost or price analyses to support procurement actions, including contract modifications.

Questioned Cost: $ 13,647

Federal Agencies that Provide R&D Grants

According to the University of Texas Southwestern Medical Center at Dallas's (Medical Center) *Handbook of Operating Procedures*, Section 6.22.7.8 Proprietary (Sole Source) Purchases, justification for proprietary or sole source purchases must be made. The justification must be made online; must be based upon a need for some feature or characteristic (such as a specification) that is unique to the requested product or service; and the feature or characteristic underlying the justification cannot be provided by any other product or service.

Two of 51 procurement files tested did not contain bidding documentation to verify the presence of full and open competition or documentation supporting the rationale to limit competition. The total value of the procurements was $13,647.

Recommendation:

The Medical Center should prepare and retain documentation to verify the presence of full and open competition and support for any purchases for which competition is limited.

Management Response and Corrective Action Plan:

We concur with the recommendation. Currently, we require through our purchasing procedures that the sole source (3.09 Propriety Purchase) document be included in the purchasing file. However, in order to further ensure the presence of full and open competition and support for any purchase for which competition is limited, the following action steps will be immediately implemented:

- *As part of their new certification requirements, we will require additional Buyer training and education to be performed.*
- *We will confer with University of Texas Southwestern Medical Center at Dallas programmers to provide additional edits to be applied within our Online Accounting System (OAS) to require the user to include an electronically completed sole source form at the front end of the process and/or include a reroute of forms back to user if the purchase of requested materials require completion of the sole source document.*

Implementation Date: *May 2006*

Responsible Person: *Darr Oney*

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Summary Schedule of Prior Audit Findings

Federal Portion of
Statewide Single Audit Report

For the Year Ended August 31, 2005

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Summary Schedule of Prior Year Audit Findings - Table of Contents

Prior Year Audit Findings - KPMG

Alcohol and Drug Abuse, Commission on	211
Assistive and Rehabilitative Services, Department of	213
Building and Procurement Commission, Texas and Information Resources, Department of	215
Family and Protective Services, Department of	218
Health, Department of	222
Health and Human Services Commission	234
Housing and Community Affairs, Department of	246
Human Services, Department of	253
Juvenile Probation Commission	256
Mental Health and Mental Retardation, Department of	258
Parks and Wildlife Department	261
Protective and Regulatory Services, Department of	262
Public Safety, Department of	263
Texas Engineering Extension Service (A&M)	267
Texas Workforce Commission	269

Prior Year Audit Findings - Other Auditors

Angelo State University	270
Comptroller of Public Accounts	271
Stephen F. Austin State University	273
Texas A&M University - Corpus Christi	275
Texas State University	277
University of Houston	279
University of North Texas	282
University of Texas at Austin	283
University of Texas at Dallas	288
University of Texas Health Science Center at San Antonio	289
University of Texas M.D. Anderson Cancer Center	290
University of Texas Southwestern Medical Center at Dallas	298

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Summary Schedule of Prior Year Audit Findings - KPMG

Federal regulations (*Office of Management and Budget Circular OMB Circular A-133*) state, "the auditee is responsible for follow-up and corrective action on all audit findings." As part of this responsibility, the auditee reports the corrective action it has taken for the following:

- Each finding in the 2004 Schedule of Findings and Questioned Costs
- Each finding in the 2004 Summary Schedule of Prior Audit Findings that was not identified as implemented or reissued as a current year finding

The Summary Schedule of Prior Audit Findings (year ended August 31, 2005) has been prepared to address these responsibilities.

Commission on Alcohol and Drug Abuse

Reference No. 03-44
Maintenance of Effort

CFDA 93.959 - Block Grants for Prevention and Treatment of Substance Abuse
Type of finding - Non-Compliance

Initial Year Written: 2002
Status: Partially Implemented

U.S. Department of Health and Human Services

The Texas Commission on Alcohol and Drug Abuse (TCADA) was not in compliance with its maintenance of effort requirements of the Block Grants for Prevention and Treatment of Substance Abuse. Under 45 C.F.R. 96.134, TCADA was required to maintain aggregate State expenditures for authorized activities at a level that is not less than the average level of such expenditures maintained by the State for the two year period preceding the fiscal year for which the State is applying for the grant. The base must be calculated using generally accepted accounting principles and the composition of the base must be applied consistently from year to year.

In past fiscal years, TCADA reported revenue receipts rather than state expenditures as the base in calculating the maintenance of effort threshold. When TCADA revised the calculation to reflect actual state expenditures, TCADA was in compliance with the fiscal year 2002 maintenance of effort requirement. However, TCADA was not in compliance with its maintenance of effort requirement for fiscal year 2001 by approximately $800,000.

Management Response and Corrective Action 2003:

TCADA did implement procedures to track and analyze expenditures of state funds that are expended for qualifying expenditures and, thus, can be counted as maintenance of effort (MOE). The analysis formed the basis for planning and decision making related to the MOE requirement during the fiscal year so that, to the extent available, state funds are expended within the timeframes specified for SAPT block grant reporting.

Management Response and Corrective Action 2004:

TCADA did not meet the MOE requirement for fiscal year 2003 due to budget cuts. A waiver was requested from the Federal Government. The Federal Government requested economic data to support the waiver request. The Federal Government denied the waiver and the State has appealed the decision. As such this finding remains unresolved.

Management Response and Corrective Action 2005:

The issue remains unresolved as the department continues to negotiate with our grantor federal agency concerning our appeal.

Implementation Date: *On-going*

Responsible Person: *Wilson Day*

Department of Assistive and Rehabilitative Services

Reference No. 05-39
Allowable Costs/Cost Principles

Major Programs:
CFDA 84.126 - Rehabilitation Services-Vocational Rehabilitation Grants to States
Award year - October 1, 2003 to September 30, 2005
Award number - H126A040064D

Non-Major Programs:
CFDA 93.630 - Developmental Disabilities and Basic Support
CFDA 84.265 - Rehabilitation Training - State Vocational Rehabilitation Unit - In-Service Training
Type of finding - Reportable Condition Control and Material Non-Compliance

Initial Year Written: 2004
Status: Partially Implemented

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

OMB Circular A-87, attachment B, section 8H, requires that, where employees are expected to work solely on a single Federal award, 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.

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

- Reflect an after-the-fact distribution of the actual activity of each employee,
- Account for the total activity for which each employee is compensated,
- Are prepared at least monthly and coincide with the pay period,
- Are signed by the employee, and
- Budget estimates before the services are performed do not qualify as support for charges to Federal awards but may be used for interim purposes provided that at least quarterly, comparisons of actual costs to budgeted amounts are made and any adjustments are reflected in the amounts billed to the Federal program. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent.

During the fiscal year 2004, the Department of Assistive and Rehabilitative Services (DARS) did not require employees whose salary is charged to one program or their supervisors to certify their time nor were time sheets required of employees working on multiple programs. These costs were allocated based on budgeted amounts and not adjusted to actual.

Total salary and benefit costs charged to the major and non-major programs from September 1, 2003 to August 31, 2004 was:

Federal Program	Amount Charged to the Federal Program Multiple Awards	Amount Charged to the Federal Program – Single Award	Total
CFDA 84.126	$ 621,275	43,755,520	44,376,795
CFDA 84.265	—	41,833	41,833
CFDA 93.630	—	821,739	821,739
Total	$ 621,275	44,619,092	45,240,367

Corrective Action:

This finding was reissued as current year reference: 06-03.

Texas Building and Procurement Commission
Department of Information Resources
Department of Family and Protective Services
Texas Department of Health
Department of Human Services
Texas Workforce Commission
University of North Texas

Reference No. 05-02
Procurement and Suspension and Debarment

CFDA 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - 6TX700506

CFDA 93.268 - Immunization Grants
Award year - January 1, 2004 to December 31, 2004 and January 1, 2003 to December 31, 2003
Award number - H23/CCH622571-02-02 and H23/CCH622571-01

CFDA 93.283 - Centers for Disease Control and Prevention-Investigations and Technical Assistance
Award year - September 1, 2003 to August 31, 2005
Award number - U90/CCU617001038-04

CFDA 93.556 - Promoting Safe and Stable Families
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - G-0401TX00FP and G-0301TX00FP

CFDA 93.558 - Temporary Assistance for Needy Families
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - G-0401TXTANF and G0301TXTANF

CFDA 93.667 - Social Services Block Grant
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - G-0401TXSOSR and G0301TXSOSR

CFDA 93.917 - HIV Care Formula Grants
Award year - April 1, 2004 to March 31, 2005, April 1, 2003 to March 31, 2004, and April 1, 2002 to March 31, 2003
Award number - 6X07HA00054-14-01, 6X07HA00054-13 and 6X07HA00054-12

CFDA 93.940 - HIV Prevention Activities-Health Department Based
Award year - January 1, 2004 to December 31, 2004, January 1, 2003 to December 31, 2003 and January 1, 2002 to December 31, 2002
Award number - U62/CCU623516-01, U62/CCU602008-18-4, and U62/CCU602008-17-5

CFDA 93.994 - Maternal and Child Health Block Grant to States
Award year - October 1, 2003 to September 30, 2005 and October 1, 2002 to September 30, 2004
Award number - 6B04MC02422-01-03 and 2B04MC00320-07

Employment Services Cluster
Award year - May 1, 2003 to September 30, 2006
Award number - ES-13083-03-55

Food Stamp Cluster
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - 6TX400105

Workforce Investment Act Cluster
Award year - April 1, 2003 to June 30, 2006
Award number - AA-12954-03-50
Type of finding - Reportable Condition Control

Initial Year Written: 2004
Status: Implemented
U.S. Department of Agriculture

U.S. Department of Health and Human Services

U.S. Department of Labor

The Texas Building and Procurement Commission (TBPC) and the Department of Information Resources (DIR) negotiate vendor contractors on behalf of the State of Texas that the various state agencies and universities utilize. TBPC and DIR do not ensure that the vendor is not suspended and debarred. Under federal rules in effect prior to November 26, 2003, contractors receiving individual awards for $100,000 or more and all subrecipients must certify that the organization and its principals are not suspended or debarred. Effective November 26, 2003 (per the Federal Register, Vol. 68, No. 228 / Wednesday, November 26, 2003 / Rules and Regulations), the threshold was decreased to $25,000 and the verification may be accomplished by (1) checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity.

Specifically our test work found the following files did not have the required suspension and debarment provisions in the contracts, the vendor had not certified, nor had DIR or TBPC reviewed the EPLS. The items not noted to be lacking the provision are less than the $25,000 (or $100,000 if before November 26, 2003) threshold. Upon review of the EPLS, none of the vendors were suspended or debarred.

Texas Department of Health

- Women Infant Children, CFDA # 10.557 - 2 of the 15 TBPC contracts and 1 of 3 DIR contracts
- Immunization, CFDA # 93.268 - 1 of the 18 TBPC contracts
- HIV Prevention, CFDA # 93.940 - 1 of the 14 TBPC contracts
- Maternal and Child Health, CFDA # 93.994 - 2 of the 10 TBPC contracts
- Bio Terrorism, CFDA # 93.283 - 2 of the 17 TBPC contracts
- HIV Care Formula Grant, CFDA # 93.917 - 2 of the 13 TBPC contracts

Department of Human Services

- Food Stamp Cluster - 3 of 4 TBPC contracts and 2 of 4 DIR contracts
- Social Services Block Grant, CFDA # 93.667 - 1 of the 2 TBPC contracts
- Temporary Assistance for Needy Families, CFDA # 93.558 - 3 of 6 TBPC contracts and 2 of 4 DIR contracts

Texas Workforce Commission

- Employment Services Cluster - 5 of the 8 DIR contracts
- Workforce Investment Act Cluster - 3 of the 6 DIR contracts

Department of Family and Protective Services

- Promoting Safe and Stable Families, CFDA # 93.556 - 6 of 6 TBPC contracts and 1 of 1 DIR contracts
- Social Services Block Grant, CFDA # 93.667 - 6 of 6 TBPC contracts and 1 of 1 DIR contracts
- Temporary Assistance for Needy Families, CFDA # 93.558 - 6 of 6 TBPC contracts and 1 of 1 DIR contracts

University of North Texas (UNT)

UNT utilizes the State master-vending list maintained by TBPC. Therefore, all of their procurements were not verified as to the status of the vendor. Per a sample of 30 vendors, none were found to be suspended or debarred per review of the EPLS.

Corrective Action:

Corrective action was taken.

Department of Family and Protective Services

Reference No. 05-03
Eligibility
(Prior Audit Issue - 04-37 and 04-38)

CFDA 93.659 - Adoption Assistance
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - G0401TX1407 and G0301TX1407

CFDA 93.658 - Foster Care - Title IV - E
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - G0401TX1401 and G0301TX1401
Type of finding - Reportable Condition Control and Non-Compliance

Initial Year Written: 2003
Status: Partially Implemented

U.S. Department of Health and Human Services

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

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

A sample of 40 children for whom Foster Care - Title IV-E payments were made during fiscal year 2004 was selected for review. For each child, we selected one foster care provider and verified that the provider satisfactorily met the criminal records check. For foster care providers other than individual homes, we obtained a listing of employees and verified that a criminal background check was performed for each employee. Our review disclosed the following:

- For two of the providers selected, the criminal background check was missing for a total of four employees.
- For one of the providers selected, one employee was hired on August 18, 2004 and a background check was initiated on January 11, 2005.

A sample of 40 children for whom Adoption Assistance payments were made during fiscal year 2004 was selected for review. For each child, the files were reviewed to verify the adoptive parents satisfactorily met the criminal records check. Our review disclosed the following:

- For one of the adoptive parents, there was no documentation that a criminal background check was conducted.

Corrective Action:

This finding was reissued as current year reference number: 06-09.

Reference No. 05-04

Allowable Costs/Cost Principles

(Prior Audit Issue - 04-39)

CFDA 93.556 - Promoting Safe and Stable Families
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - G-0401TX00FP and G0301TX00FP
Type of finding - Reportable Condition Control and Material Non-Compliance

Initial Year Written: 2003
Status: Implemented

U.S. Department of Health and Human Services

OMB Circular A-87, attachment B, section 8H states that for support of salaries and wages, the following standards are applicable:

Where employees are expected to work solely on a single Federal award, 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.

- Where employees work on multiple activities or cost objectives, a distribution of their salaries and wages will be supported by personnel activity reports or equivalent documentation which:

  1) Reflect an after-the-fact distribution of the actual activity of each employee,
  2) Account for the total activity for which each employee is compensated,
  3) Prepared at least monthly and coincide with the pay period,
  4) Signed by the employee, and
  5) Budget estimates before the services are performed do not qualify as support for charges to Federal awards but may be used for interim purposes provided that at least quarterly, comparisons of actual costs to budgeted amounts are made and any adjustments are reflected in the amounts billed to the federal program.

During fiscal year 2004 the Texas Department of Family and Protective Services (DFPS) implemented a new timekeeping form. The signature box on the form (Form 710) states "the electronic transmission of this form signifies my certification of its accuracy. I certify that the information I have included on this is correct and in accordance with the agency's standards of conduct." The timesheet is emailed to the supervisor for review and approval. The email serves as the employees' certification.

A sample of 23 employees was selected for review. For eight of the employees selected, the email documenting the employee's certification of their time was not available for review. The amount of salary and benefits charged to the program was $6,082 for the timesheets reviewed for these eight employees. Total salary and benefits charged to the program for the fiscal year was approximately $11,922,000.

Corrective Action:

Corrective action was taken.

Reference No. 05-05

Procurement and Suspension and Debarment

CFDA 93.556 - Promoting Safe and Stable Families
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - G-0401TX00FP and G0301TX00FP

CFDA 93.558 - Temporary Assistance For Needy Families
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - G-0401TXTANF and G0301TXTANF

CFDA 93.667 - Social Services Block Grant
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - G-0401TXSOSR and G0301TXSOSR
Type of finding - Non-Compliance

Initial Year Written: 2004
Status: Partially Implemented

U.S. Department of Health and Human Services

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

- Verify the contract file documents the significant history of the procurement.
- Verify the procurements provide full and open competition.
- Verify that contract files exist and ascertain if appropriate cost or price analysis was performed in connection with procurement actions, including contract modifications and that this analysis supported the procurement action.
- Contracts greater than $100,000 before November 2003 and greater than $25,000 after November 2003, must be reviewed to ensure the vendor is not suspended or debarred.

A sample of 30 vendors who were paid with grant funds during fiscal year 2004 was selected for review. Upon request of selected vendor files, the Texas Department of Family and Protective Services (DFPS) could not locate two files for which $5,476 was expensed to federal programs. The application of the above procedures could not be performed. The two vendor files involved the three major programs noted above.

Corrective Action:

This finding was reissued as current year reference number: 06-14.

Reference No. 05-06

Cash Management

CFDA 93.659 - Adoption Assistance
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - 0401TX1407 and 0301TX1407
Type of finding - Reportable Condition Control and Non-Compliance

Initial Year Written: 2004
Status: Implemented

U.S. Department of Health and Human Services

According to the Treasury-State agreement for the State of Texas, the Adoption Assistance grant is not included in Subpart A of 34 CFR. Part 205, which implement the Cash Management Improvement Act. Therefore, the Department of Family and Protective Services (DFPS) should be complying with Subpart B, which applies to programs in the Catalog of Federal Domestic Assistance that are not subject to Subpart A. These standards state that "cash advances to a State shall be limited to the minimum amounts needed and shall be timed to be in accord only with the actual, immediate cash requirements of the State in carrying out a program or project. The timing and amount of cash advances shall be as close as is administratively feasible to the actual cash outlay by the State for direct program costs and the proportionate share of any allowable indirect costs. Neither a State nor the Federal Government will incur an interest liability on the transfer of funds for a program subject to this Subpart." The Adoption Assistance grant is subject to Subpart B, as such there is no interest liability.

DFPS cash requests are based on a system report that reflects cash required, net of any refunds. Consideration is given to the cash needs for the next three business days and when the need is in excess of $500,000, a cash request is submitted to the federal government. Our audit procedures indicated that three of 40 cash draws exceeded the needed cash amount by approximately $251,000, $226,000 and $4,052,000, respectively. Per review of the cash draw schedule, DFPS did not draw additional funds until approximately 20 days later.

Corrective Action:

Corrective action was taken.

Department of Health

Reference No. 05-07
Earmarking
(Prior Audit Issue - 04-10, 03-22, 02-16)

CFDA 93.917 - HIV Care Formula Grants
Award year - April 1, 2004 to March 31, 2005, April 1, 2003 to March 31, 2004, and April 1, 2002 to March 31, 2003
Award number - 6X07HA00054-14-01, 6X07HA00054-13 and 6X07HA00054-12
Type of finding - Material Weakness Control and Scope Limitation

Initial Year Written: 2001
Status: Implemented

U.S. Department of Health and Human Services

For the purpose of providing health and support services to women, infants, and children with the HIV disease, including treatment measures to prevent the prenatal transmission of the disease, a State shall use no less than the percentage of Title II funds in a fiscal year, constituted by the ratio of the population of women, infants and children with AIDS, to the general population of individuals with AIDS in the State (42 USC 300 ff-21 (b)). This information is provided to the State by the Health Resources and Services Administration in the annual application guidance.

The amount of funds spent to benefit women, infants and children with HIV are not tracked, and therefore, the earmarking requirement was not auditable.

Corrective Action:

Corrective action was taken.

Reference No. 05-08
Reporting

CFDA 93.917 - HIV Care Formula Grants
Award year - April 1, 2004 to March 31, 2005, April 1, 2003 to March 31, 2004, and April 1, 2002 to March 31, 2003
Award number - 6X07HA00054-14-01, 6X07HA00054-13 and 6X07HA00054-12
Type of finding - Non-Compliance

Initial Year Written: 2004
Status: Partially Implemented

U.S. Department of Health and Human Services

Per the grant agreement, the Texas Department of Health (TDH) must account for all funds awarded in the contractual category in the fiscal year 2004 Title II application and notify Health Resources and Services Administration (HRSA) when it has completed reporting on its contracting process. The consolidated list of contracts and subcontracts report is due to HRSA within 60 days of award of contracts. The consolidated list of contracts must include the contractor/agency, full address, EIN number, whether or not the contractor is a minority provider, whether or not clients are serviced directly, service type, amount of contract and the overall total of the budgets submitted with the list (per grant agreement between State of Texas and HRSA). A supervisor did review the report to ensure the correct information was submitted. However there were various errors in the information submitted such as transposed EIN numbers and contract amounts, original contract amounts instead of revised amounts, and incorrect contractor names.

Corrective Action:

This finding was reissued as current year reference number: 06-27.

Reference No. 05-09

Allowable Costs/Cost Principles

(Prior Audit Issue - 04-14)

CFDA 93.940 - HIV Prevention Activities-Health Department Based
Award year - January 1, 2004 to December 31, 2004, January 1, 2003 to December 31, 2003, and January 1, 2002 to December 31, 2002
Award number - U62/CCU623516-01, U62/CCU602008-18-4, and U62/CCU602008-17-5
Type of finding - Reportable Condition Control and Non-Compliance

Initial Year Written: 2003
Status: Implemented

U.S. Department of Health and Human Services

The grant agreement between the Centers for Disease Control and Prevention (CDC) and the Texas Department of Health (TDH) outlines the allowable and unallowable uses of funds. The grant agreement states the following: "Funds may not be used for acquisition of real property, building construction, alterations, renovations, or other capital improvement. Equipment purchases and contractual services are allowed only if justified and approved in advance." Also per the grant award for the budget period January 1, 2004 to December 31, 2004, there was no amount budgeted for equipment purchases.

TDH has noted that the U.S. Department of Health and Human Services Public Health Service (PHS) Grants Policy Statement notes: "Grantees may rebudget between direct and indirect costs (in either direction) without PHS prior approvable." Also, "As a guideline, significant rebudgeting occurs when the cumulative amount of transfers among direct cost categories for the current budget period exceed 25% of the total amount awarded, or $250,000, whichever is less. When this threshold is reached, the grantee shall consult with the grants management officer for a decision as to whether the rebudgeting constitutes a change in scope. If the grants management officer determines that the significant rebudgeting constitutes a change of scope, prior approval is required."

Even though the PHS policy does allow the grantee to rebudget, the grant agreement is more specific and requires advance approval for the purchase of equipment. TDH expended $45,211 for capital expenditures, including computer equipment and fiber optic installation, without obtaining prior approval.

Corrective Action:

Corrective action was taken.

Reference No. 05-10

Special Tests and Provisions - Control, Accountability, and Safeguarding of Vaccine

CFDA 93.268 - Immunization Grants
Award year - January 1, 2004 to December 31, 2004 and January 1, 2003 to December 31, 2003
Award number - H23/CCH622571-02-02 and H23/CCH622571-01
Type of finding - Non-Compliance

Initial Year Written: 2004
Status: Implemented

U.S. Department of Health and Human Services

Per the March 2003 Compliance Supplement, Part 4, the Texas Department of Health (TDH) is required to maintain effective control and accountability for all vaccine. Vaccine must be adequately safeguarded and used solely for authorized purposes.

The storage and distribution of vaccines was outsourced to a third party - General Injectables and Vaccines (GIV) during fiscal year 2004. The Immunization Services Division of the Department of Health and Human Services conducted an inspection of the GIV facility on July 9, 2003 covering fiscal year 2003. An inspection has not been conducted for calendar year or fiscal year 2004.

Additionally, as part of the contract with GIV, an independent audit of the receipt and distribution of vaccine is required to be conducted. The audit report for fiscal year was received in February 2004, eight months after GIV's fiscal year end. Any discrepancies in vaccine inventory would not be discovered until such time, resulting in untimely receipt of information regarding the accountability for vaccines.

Corrective Action:

Corrective action was taken.

Reference No. 05-11

Level of Effort

CFDA 93.994 - Maternal and Child Health Services Block Grant to States
Award year - October 1, 2003 to September 30, 2005 and October 1, 2002 to September 30, 2004
Award number - 6B04MC02422-01-03 and 2B04MC00320-07 B04MC04232-01-03
Type of finding - Reportable Condition Control and Non-Compliance

Initial Year Written: 2004
Status: Partially Implemented

U.S. Department of Health and Human Services

In accordance with 42 USC 705(a)(3)(A) and 42 USC 705(a)(3)(B), the state agency must use at least 30% of payment amounts for preventive and primary care services for children and at least 30% of payment amounts for services for children with special health care needs.

Our audit procedures included obtaining from the general ledger the total amount of payments for preventive and primary care services and amount of payments for services for children with special health care needs. It was noted that 26% of payments were for services related to preventive and primary care services for children and 27% of payments were for services related to children with special health care needs.

Management Response and Corrective Action Plan - 2004:

Currently, the Title V program has a formal method to track the percentage of payments related to children and children with special health care needs (CSHCN). This method has been in place for several years and has allowed the program to track its expenditures on a quarterly basis. This method was demonstrated to the auditors and it seems satisfactory.

Title V program makes a good faith effort to comply with the 30%-30% federal requirement. For instance, in an effort to meet the 30% requirement related to services for children, Title V program funds all school health activities with federal dollars. In addition, the Title V Policy and Procedures Manual for Title V-funded contractors stipulates that 25% of the total awards to contractors should be spent on children's services. The barrier that prevents the program from complying with federal requirements has been a continued problem for contractors since the inception of the CHIP program. Contractors are required to screen every child against CHIP first in order for that child to begin receiving Title V services. Title V provides services to children as a last resort. As a result, some contractors do not see many children who are eligible for Title V program, and therefore more Title V dollars are spent on health services for women and infants.

Another barrier that may prevent the CSHCN program spending at least 30% of the federal award is Rider 45 of the 78th Legislature. This rider prevents the program from using first federal funds up to the 30% requirement limit and then switching to state general revenue. Federal and state funds have to be spent proportionally in order to satisfy the provisions of Rider 45.

Annually, Title V program reports the number of children covered by CHIP in the Title V Block Grant Application. The federal Maternal and Child Health Bureau is aware that more children are enrolled in CHIP and consequently, less children are served by the Title V program. In addition, the reporting budget forms of the Title V Block Grant Application do not even ask for financial data related to the 30%-30% requirement.

Action Plan

1 *Improve the monitoring of actual expenditures and related percentages to the federal award for children and CSHCN by generating a report on the 20th of each month. This monthly report will be cumulative.*
2 *Review the method of finance of Title V contractors by verifying that all services and activities geared toward children and adolescents ages 1 through 21 years old are funded by federal funds.*

Work with and inform Payment Section staff that all children's and adolescents' services and activities should be reimbursed by using federal funds.

Management Response and Corrective Action Plan - 2005:

The percentages as of January 2006 reflect only the actual expenditures through August 31, 2005 and the FSR for the grant period October 2004 - September 2005 (fiscal year 05) is not due to the awarding agency until December 2006. Therefore, the percentages will change.

For several years, the Title V program has had in place effective mechanisms and internal controls to track the percentage of payments related to children and children with special health care needs (CSHCN). Efforts to comply with the requirement related to expenditures for children and adolescents are implemented throughout the fiscal year. At the beginning of each fiscal year, the State Title V Director, along with designated Budget Office staff, set up the budget so that all types of services and activities dedicated for children are budgeted with federal dollars, including Title V-funded positions in the Austin campus and regional offices, and Title V-funded contractors. Actual expenditures and related percentages to the federal award for children are monitored on a monthly basis throughout the fiscal year.

However, these efforts will not fully guarantee compliance with federal requirements since the Title V program operates in a volatile environment over which the program does not have complete control. Among the factors that impact the level of expenditures for children for any given year are the number of children eligible for public assistance programs (i.e., Medicaid and CHIP), changes in poverty levels of Texas families and individuals (e.g., employment, insurance coverage), changes in benefits covered by Medicaid and CHIP, natural disasters, and state/local laws.

One of the barriers that prevents the program from complying with federal requirements has been the on-going problem posed for contractors by the inception of the CHIP program in 2002. Contractors are required to screen every child against Medicaid and CHIP first in order for that child to begin receiving Title V services. Title V provides services to children as a last resort. As a result, some contractors do not see many children who are eligible for Title V program, and therefore more Title V federal dollars are spent on health services for women and infants. Furthermore, the restoration of dental services within CHIP in fiscal year 06 will impact negatively the number of children being served by Title V-funded contractors. Another barrier could be that Title V-funded staff may spend more time working on issues dealing with adults rather than on children's issues in order to address communities' health needs or as a result of a natural disaster (hurricane) or a pandemic. Rider 63 of the 79th Texas Legislature may present yet another barrier to the CSHCN program spending at least 30% of the federal award. This rider prevents the program from first using federal funds up to the 30% requirement limit and then switching to state general revenue. Federal and state funds have to be spent proportionally in order to satisfy the provisions of Rider 63.

Annually, the Title V program reports the number of children covered by CHIP in the Title V Block Grant Application. The federal Maternal and Child Health Bureau is aware that more children are enrolled in CHIP and, consequently, fewer children are served by the Title V program. In addition, the reporting budget forms for the Title V Block Grant Application do not even ask for financial data related to the 30% of federal payment amounts for children and CSHCN.

Despite these barriers, the Title V program continues making a good faith effort to comply with the 30%-30% federal requirement, as demonstrated by the action plan below:

Action Plan

1) *Continue to identify all types of services and activities dedicated for children and adolescents 1-21 years of age and budget them with federal dollars at the beginning of each fiscal year.*
2) *Continue to monitor actual expenditures and related percentages to the federal award for children and CSHCN, generating a report on the 20th of each month. This monthly report will be cumulative.*
3) *Continue to work with Payment Section staff and to inform them that all children's and adolescents' services and activities should be reimbursed using federal funds.*

Implementation Date: February 2, 2006

Responsible Person: Fouad Berrahou

Reference No. 05-12

Allowable Costs/Cost Principles

Major Programs:

CFDA 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - 6TX700506

CFDA 93.889 - National Bioterrorism Hospital Preparedness Program
Award year - September 1, 2003 to August 31, 2005
Award number - 4U3RMC00046-02-06

CFDA 93.217 - Family Planning Services
Award year - April 1, 2003 to March 31, 2004
Award number - 6FPHPA060898-22-01

CFDA 93.268 - Immunization Grants
Award year - January 1, 2004 to December 31, 2004 and January 1, 2003 to December 31, 2003
Award number - H23/CCH622571-02-02 and H23/CCH622571-01

CFDA 93.283 - Centers for Disease Control and Prevention-Investigations and Technical Assistance
Award year - August 31, 2003 to August 30, 2005
Award number - U90/CCU617001038-04

CFDA 93.917 - HIV Care Formula Grants
Award year - April 1, 2004 to March 31, 2005, April 1, 2003 to March 31, 2004, and April 1, 2002 to March 31, 2003
Award number - 6X07HA00054-14-01, 6X07HA00054-13 and 6X07HA00054-12

CFDA 93.994 - Maternal and Child Health Block Grant to States
Award year - October 1, 2003 to September 30, 2005 and October 1, 2002 to September 30, 2004
Award number - 6B04MC02422-01-03 and 2B04MC00320-07

Medicaid Cluster
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - 05-0405TX5028 / 05-0405TX5048 and 05-0305TX5028 / 05-0305TX5048

Non-major Programs:

CFDA 10.475 - Cooperative Agreements with States for Intrastate Meat and Poultry Inspection
CFDA 20.600 -State and Community Highway Safety
CFDA 93.110 - Maternal and Child Health Federal Consolidated Programs
CFDA 93.116 - Project Grants and Cooperative Agreements for Tuberculosis Control Programs
CFDA 93.130 -Primary Care Services-Resource Coordination and Development

CFDA 93.136 -Injury Prevention and Control Research for Women, Infants, Children and Youth
CFDA 93.215 - Hansen's Disease National Ambulatory Care Program
CFDA 93.235 - Abstinence Education
CFDA 93.558 -Temporary Assistance for Needy Families
CFDA 93.667 - Social Services Block Grant
CFDA 93.988 - State Based Diabetes Control Program
CFDA 93.991 - Preventive Health and Health Services Block Grant
CFDA 96.000 - Social Security Administration
CFDA 96.007 - Social Security-Research and Demonstration
Type of finding - Reportable Condition Control and Non-Compliance

Initial Year Written: 2004
Status: Implemented
U.S. Department of Agriculture

U.S. Department of Health and Human Services

Social Security Administration

U.S. Department of Transportation

The State of Texas reorganized the health and human service agencies' structure effective September 1, 2004. In preparation for the reorganization, various services were centralized during fiscal year 2004 such as certain billing functions, computer system services, etc. Once the services were centralized, the Texas Department of Health (TDH) was inter-agency billed by Health and Human Services Commission (HHSC) for an allocation of the expenditures incurred. Our audit procedures included a review of selected invoices for the various major programs noted above. (See the specific sample sizes below) Based on this review, the costs do appear to be allowable under OMB Circular A-87 but are not allowed per the grant agreements. For example, review of the grant agreements for CFDA 93.217 noted that these centralized type services were not allowed per the approved budget. According to the program personnel, these costs were not anticipated during the negotiation of the fiscal year 2004 grant agreements and therefore were not included in the proposed budgets. Further, for the fiscal year 2005, TDH has included these expenditures in their indirect cost plan.

Specifically for CFDA 93.217, of 30 expenses reviewed, three were for centralized charges and totaled $612. Also per review of the matching provisions for CFDA 93.994, three of 30 expenses reviewed for allowability for matching purposes were for these centralized charges totaling $13,730.

Total allocated expenses charged directly to the major and non-major programs for fiscal year 2004 were $466,035 and are listed below by CFDA number. In addition, $270,642 charged to general fund expenditure accounts could have been used for matching purposes.

Federal Program	Amount Charged to the Federal Program
CFDA 10.475	$ 32,201
CFDA 10.557	94,211
CFDA 20.600	6,857
CFDA 93.889	5,450
CFDA 93.110	8,782
CFDA 93.116	12,273
CFDA 93.130	1,569
CFDA 93.136	1,506
CFDA 93.215	5,139
CFDA 93.217	3,301
CFDA 93.235	1,975
CFDA 93.268	36,912
CFDA 93.283	68,403
CFDA 93.558	1,303
CFDA 93.667	550
CFDA 93.988	7,043
CFDA 93.991	3,430
CFDA 93.994	102,445

Federal Program		Amount Charged to the Federal Program
CFDA 96.000		3,794
CFDA 96.007		714
Medicaid cluster		68,177
Total	$	466,035

Corrective Action:

Corrective action was taken.

Reference No. 05-13

Reporting

CFDA 93.268 - Immunizations Grants
Award year - January 1, 2004 to December 31, 2004 and January 1, 2003 to December 31, 2003
Award number - H23/CCH622571-02-02 and H23/CCH622571-01
Type of finding - Reportable Condition Control and Non-Compliance

Initial Year Written: 2004
Status: Partially Implemented

U.S. Department of Health and Human Services

Per the grant agreement, the Texas Department of Health (TDH) is required to submit a monthly Vaccine Inventory and Distribution Report to the federal government.

The reports for December 2003, January 2004, and April 2004 were selected for review. During our review it was noted that in the April report TDH reported 29,350 doses of Hepatitis B Adult vaccines in inventory. Review of the supporting data revealed that this amount should be 26,700. Additionally, the Flu vaccine inventory amounts reported on two reports were incorrect. On the January 2004 report, 33,560 doses were reported when the actual amount was 35,030. On the April 2004 report 41,210 doses were reported and the actual amount was 41,320. TDH's procedures do include management review of the report. However the backup documentation is not provided to management for review. The report is reviewed for reasonableness only.

Corrective Action:

This finding was reissued as current year reference number: 06-28.

Reference No. 05-14

Procurement and Suspension and Debarment

CFDA 10.557 - Women, Infants, and Children
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - 6TX700506
Type of finding - Non-Compliance

Initial Year Written: 2004
Status: Partially Implemented

U.S. Department of Agriculture

Under rules in effect prior to November 26, 2003, contractors receiving individual awards for $100,000 or more and all subrecipients must certify that the organization and its principals are not suspended or debarred. Effective November 26, 2003 (per the Federal Register, Vol. 68, No. 228 / Wednesday, November 26, 2003 / Rules and Regulations), 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. This verification may be accomplished by (1) checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity.

For two of 30 vendor files reviewed, there were two contracts entered into in prior fiscal years which did not have the suspension and debarment certification. Per review of the EPLS, the vendors were not suspended or debarred.

Corrective Action:

This finding was reissued as current year reference number: 06-15.

Reference No. 05-15

Cash Management
(Prior Audit Issue - 04-11, 04-13 and 03-20)

Major Programs:

CFDA 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - 6TX700506

CFDA 93.889 - National Bioterrorism Hospital Preparedness Program
Award year - September 1, 2003 to August 31, 2005
Award number - 4U3RMC00046-02-06

CFDA 93.217 - Family Planning Services
Award year - April 1, 2003 to March 31, 2004
Award number - 6FPHPA060898-22-01

CFDA 93.268 - Immunization Grants
Award year - January 1, 2004 to December 31, 2004 and January 1, 2003 to December 31, 2003
Award number - H23/CCH622571-02-02 and H23/CCH622571-01

CFDA 93.283 - Center for Disease Control and Prevention-Investigations and Technical Assistance
Award year - August 31, 2003 to August 30, 2005
Award number - U90/CCU617001038-04

CFDA 93.917 - HIV Care Formula Grants
Award year - April 1, 2004 to March 31, 2005, April 1, 2003 to March 31, 2004, and April 1, 2002 to March 31, 2003
Award number - 6X07HA00054-14-01, 6X07HA00054-13 and 6X07HA00054-12

CFDA 93.940 - HIV Prevention Activities-Health Department Based
Award year - January 1, 2004 to December 31, 2004, January 1, 2003 to December 31, 2003 and January 1, 2002 to December 31, 2002
Award number - U62/CCU623516-01, U62/CCU602008-18-4, and U62/CCU602008-17-5

CFDA 93.994 - Maternal and Child Health Services Block Grant to States
Award year - October 1, 2003 to September 30, 2005 and October 1, 2002 to September 30, 2004
Award number - 6B04MC02422-01-03 and 2B04MC00320-07

Medicaid Cluster
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - 05-0405TX5028 / 05-0405TX5048 and 05-0305TX5028 / 05-0305TX5048

Non-Major Programs:

CFDA 10.475 - Intrastate Meat and Poultry Program
CFDA 10.572 - WIC Farmers' Market Nutrition Program
CFDA 14.241 - Housing Opportunities for Persons with AIDS
CFDA 66.001 - Air Pollution Control Program Support
CFDA 66.032 - State Indoor Radon Grant
CFDA 66.606 - Surveys, Studies, Investigations, and Special Purpose Grants
CFDA 66.701 - Toxic Substances Compliance Monitoring Cooperative Agreements
CFDA 66.707 - TSCA Title IV State Lead Grants
CFDA 66.930 - Pesticide Poisoning - Child Prevention
CFDA 81.106 - Transport of Transuranic Wastes
CFDA 81.119 - State Energy Program Special Projects
CFDA 83.548 - Hazard Mitigation Grant
CFDA 83.552 - Emergency Management Performance Grants
CFDA 93.043 - Disease Prevention and Health Promotion Services
CFDA 93.103 - Food and Drug Administration - Research
CFDA 93.110 - Maternal and Child Health Federal Consolidated Programs
CFDA 93.116 - Project Grants and Cooperative Agreements for Tuberculosis Control Programs
CFDA 93.118 - Acquired Immunodeficiency Syndrome (AIDS) Activity
CFDA 93.127 - Emergency Medical Services for Children
CFDA 93.130 - Primary Care Services - Resource Coordination and Development
CFDA 93.136 - Injury Prevention and Control Research and State and Community Based Programs
CFDA 93.161 - Health Program for Toxic Substances and Disease Registry
CFDA 93.197 - Childhood Lead Poisoning Prevention Program (CLPPP)
CFDA 93.215 - Hansen's Disease National Ambulatory Care Program
CFDA 93.234 - Traumatic Brain Injury - State Demonstration Grant Program
CFDA 93.235 - Abstinence Education
CFDA 93.259 - Rural Access to AEDs
CFDA 93.262 - Occupational Safety and Health Research Grants
CFDA 93.558 - Temporary Assistance for Needy Families
CFDA 93.566 - Refugee and Entrant Assistance - State Administered Programs
CFDA 93.576 - Refugee and Entrant Assistance - Discretionary Grants
CFDA 93.667 - Social Services Block Grant
CFDA 93.855 - Allergy, Immunology and Transplantation Research
CFDA 93.919 - Cooperative Agreement for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program
CFDA 93.941 - HIV Demonstration, Research, Public and Professional Education Projects
CFDA 93.944 - HIV/AIDS Surveillance
CFDA 93.945 - Chronic Disease Prevention and Control
CFDA 93.947 - Tuberculosis Demonstration, Research, Public and Professional Education
CFDA 93.974 - Family Planning - Service Delivery Improvement Research Grant
CFDA 93.977 - Preventive Health Services - Sexually Transmitted Disease Control Grants
CFDA 93.978 - STD Research Public and Professional Education Projects
CFDA 93.988 - State Based Diabetes Control Program
CFDA 93.991 - Preventive Health and Health Services Block Grant
CFDA 96.007 - Social Security - Research and Demonstration
Highway Safety Cluster

Type of finding - Reportable Condition Control and Material Non-Compliance

Initial Year Written: 2002
Status: Implemented

U.S. Department of Agriculture

U.S. Environmental Protection Agency

U.S. Department of Energy

U.S. Federal Emergency Management Administration

U.S. Department of Health and Human Services

U.S. Department of Housing and Urban Development

Social Security Adminstration

U.S. Department of Transportation

The Cash Management Improvement Act (CMIA) states that State agencies are required to match disbursements with specific drawdowns of Federal funds. An agency is required to identify the date the funds were deposited in the State Treasury and the date payments were issued by the Comptroller. 31 CFR, Chapter II, Part 205, Section 12 (b) states, "a state will incur an interest liability to the Federal government on a refund transaction of Federal funds. A State interest liability will accrue from the day the refund is credited to a State account to the day the refund is either paid out for program purposes or credited to a Federal government account."

The Texas Department of Health (TDH) uses the pre-issuance funding technique. TDH calculates the clearance pattern for the Type A programs based on the dates and amounts of the deposit and disbursement of Federal funds. During fiscal year 2003, the amounts reported as disbursements for the period 1 calculation were not based on what was paid out by the Comptroller, but rather an estimate of payments, as it included the current days payables less the prior days payables. During fiscal year 2004, TDH developed a report (SSGR110S) to determine which payables were scheduled to pay for the next five days (from the date of the report).

The SSGR110S report was utilized to draw the funds by comparing the current cash balance with the cumulative accounts payable amounts scheduled to pay on the following two days. Payroll is not included in the SSGR110S report, so TDH included the monthly payroll in the mid-month draw even though the payroll was not liquidated until the first of the following month.

For the CMIA Subpart B programs, 40 draws for each program were compared to the respective SSGR110S report to see if the amount drawn was equivalent to the amount needed to cover expenses for three days. Per review of selected cash draws for the following programs, it was noted that the amounts drawn exceeded the needed amount per the SSGR110S report. In addition, for the programs noted below which are drawn together (i.e., the cash needs for several programs are combined into one cash request from the federal agency), TDH was unable to demonstrate an allocation methodology to ensure the funds were deposited into the correct federal agency fund when received.

The programs listed below are Subpart B programs, as such there is no interest liability.

- CFDA 93.217, 93.268, 93.283 and 93.940 - 15 of 40 cash draws for $6,640,157 was over drawn. These three programs are drawn as a group with approximately 30 programs.
- CFDA 93.283 - 17 of 40 cash draws for $2,462,293 was over drawn. In August 2004, the method of drawing for 93.283 was changed and the program was combined with four other programs and drawn as a group.
- CFDA 93.994 - 24 of 40 cash draws for $498,461 was over drawn. In August 2004, the method of drawing for 93.283 was changed and the program was combined with four other programs and drawn as a group.
- CFDA 93.889 - 12 of 33 cash draws for $10,103,424 was over drawn. Inconsistent methodology was used to draw funds on six of the 33 days. Instead of using the payable balances for two days, the ending cash balance plus the payables amount was drawn for three days, the payable balances less the previous draw request for two days, and the ending cash balance amount was drawn for one day.

31 CFR, Chapter II, Part 205, Subpart A, Negotiation of Intergovernmental Agreements for Financing Federal Assistance Programs - Interest Liabilities on Intergovernmental Funds Transfers, establishes the regulations for implementing the Cash Management Improvement Act of 1990 (CMIA). Per section 205.8(c)(1), "if a State has actual or constructive knowledge, at any time, that a clearance pattern does not correspond to a program's clearance activity, or if the program undergoes operational changes that may affect clearance activity, the State shall…(ii) Develop a new clearance pattern and certify that it corresponds to a program's clearance activity." The Texas Comptroller of Public Accounts (Comptroller) includes in its CMIA training/update programs instructions on how the agencies should monitor for changes in their clearance patterns within the 5-year certification period. For the CMIA Subpart A programs, TDH certified their clearance pattern for CFDA 10.557 and 93.917 for fiscal year 2004.

The clearance pattern for period 1 (days from deposit date to disbursement date) was (1.31) days for CFDA 10.557 and .679 days for CFDA 93.917. TDH did not zero out the beginning balances in the 90-day calculation period as noted in the instructions to the CMIA Texas macro calculation. When the amounts were changed, the patterns did remain consistent in the CFDA 10.557 was a negative number of days and CFDA 93.917 was a positive number of days.

Total Federal revenue for the major and non-major programs for fiscal year 2004 was:

Federal Program	Federal Revenue by Program
CFDA 10.475	$ 4,006,624
CFDA 10.557	457,757,626
CFDA 10.572	1,339,694
CFDA 14.241	2,950,651
CFDA 66.001	310,939
CFDA 66.032	6,767
CFDA 66.606	3,562
CFDA 66.701	117,398
CFDA 66.707	230,895
CFDA 66.930	9,603
CFDA 81.106	178,344
CFDA 81.119	702,767
CFDA 83.548	13
CFDA 83.552	105,823
CFDA 93.889	30,581,247
CFDA 93.043	78,339
CFDA 93.103	52,358
CFDA 93.110	908,733
CFDA 93.116	6,212,999
CFDA 93.118	257,417
CFDA 93.127	49,891
CFDA 93.130	233,694
CFDA 93.136	372,091
CFDA 93.161	459,026
CFDA 93.197	751,085
CFDA 93.215	281,570
CFDA 93.217	14,713,323
CFDA 93.234	29,099
CFDA 93.235	4,648,183
CFDA 93.259	(527)
CFDA 93.262	70,641
CFDA 93.268	124,080,615
CFDA 93.283	58,517,327
CFDA 93.558	21,451,818
CFDA 93.566	1,717,108
CFDA 93.576	112,245
CFDA 93.667	12,413,796
CFDA 93.855	2,818
CFDA 93.917	61,098,540
CFDA 93.919	41,509
CFDA 93.940	15,092,737
CFDA 93.941	159,906
CFDA 93.944	4,471,202

Federal Program		Federal Revenue by Program
CFDA 93.945		404,181
CFDA 93.947		10,464
CFDA 93.974		123,530
CFDA 93.977		5,496,678
CFDA 93.978		352,884
CFDA 93.988		493,889
CFDA 93.991		5,337,642
CFDA 93.994		32,933,718
CFDA 96.007		51,654
Highway Safety Cluster		1,119,342
Medicaid Cluster		33,644,371
Total	$	906,547,849

Corrective Action:

Corrective action was taken.

Health and Human Services Commission

Department of Family and Protective Service

Reference No. 05-16

Subrecipient Monitoring

CFDA 93.556 - Promoting Safe and Stable Families
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - G-0401TX00FP and G0301TX00FP

CFDA 93.658 - Foster Care - Title IV-E
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - 0401TX1401 and G0301TX1401
Type of finding - Reportable Condition Control and Material Non-Compliance

Initial Year Written: 2004
Status: Implemented

U.S. Department of Health and Human Services

The Department of Family and Protective Services (FPS) 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. FPS's subrecipient monitoring procedures include a risk assessment process, standardized contracts, training and technical assistance, program and financial monitoring, and review of OMB Circular A-133 reports. During fiscal year 2004, FPS made payments of approximately $4,500,000 to 38 subrecipient counties from Foster Care funds. FPS made payments of approximately $11,800,000 to non-profit and for-profit entities from Promoting Safe and Stable Families funds (PSSF).

More specifically, FPS's subrecipient monitoring process includes:

- Multi-year grant awards with an approved budget.
- Monthly reimbursement requests from the subrecipients.
- Programmatic and financial site visits based on risk assessments.
- Reviews of OMB Circular A-133 reports.

Sixteen of 30 subrecipients for Foster Care and seven of 30 for Promoting Safe and Stable Families (PSSF) were assessed as lower risk and have never been monitored. For subrecipients not monitored, FPS relies heavily on the review of OMB Circular A-133 audit reports. On behalf of FPS, the Health and Human Services Commission (HHSC) was to request and review the 2003 OMB Circular A-133 audit reports during fiscal year 2004. For two of the subrecipients selected for Foster Care and eleven for PSSF, the audit reports were not available for review. HHSC contacted the subrecipient for the OMB Circular A-133 audit report after the audit request. Four of the PSSF subrecipients did not meet the OMB Circular A-133 threshold. For both programs, HHSC sent letters to the subrecipients requesting the 2003 OMB Circular A-133 audit reports; however, there was no follow-up to ensure the required reports were received.

Corrective Action:

Corrective action was taken.

Health and Human Services Commission

Department of Health

Reference No. 05-17

Procurement and Suspension and Debarment

CFDA 93.917 - HIV Care Formula Grants
Award year - April 1, 2004 to March 31, 2005, April 1, 2003 to March 31, 2004, and April 1, 2002 to March 31, 2003
Award number - 6X07HA00054-14-01, 6X07HA00054-13 and 6X07HA00054-12

CFDA 93.283 - Centers for Disease Control and Prevention-Investigations and Technical Assistance
Award year - August 31, 2003 to August 31, 2005
Award number - U90/CCU617001038-04
Type of finding - Non-Compliance

Initial Year Written: 2004
Status: Partially Implemented

U.S. Department of Health and Human Services

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

- Verify the contract file documents the significant history of the procurement.
- Verify the procurements provide full and open competition.
- Verify that contract files exist and ascertain if appropriate cost or price analysis was performed in connection with procurement actions, including contract modifications and that this analysis supported the procurement action.
- Contracts > $100,000 before November 2003 and > $25,000 after November 2003, must be reviewed to ensure the vendor is not suspended or debarred.

Upon request of selected vendor files, one vendor file was not able to be located. The application of the above procedures could not be performed. This one vendor file involved two major programs and $125,981 was expensed to the federal programs:

- HIV Care Formula, CFDA 93.917 - 1 of 30 files and
- BioTerrorism, CFDA 93.283 - 1 of 30 files.

Corrective Action:

This finding was reissued as current year reference number: 06-15.

Reference No. 05-18
Subrecipient Monitoring

CFDA 93.889 - National Bioterrorism Hospital Preparedness Program
Award year - September 1, 2003 to August 31, 2005
Award number - 4U3RMC00046-02-06
Type of finding - Material Weakness Control and Material Non-Compliance

Initial Year Written: 2004
Status: Partially Implemented

U.S. Department of Health and Human Services

The Texas Department of Health (TDH) 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. TDH's subrecipient monitoring procedures for CFDA 93.889 includes a stakeholder committee who determines policies and procedures, a standardized contract, a delivery plan (budget), technical assistance, monthly status reports, financial monitoring and OMB Circular A-133 audit report reviews. According to OMB Circular A-133, TDH must assure that subrecipients expending Federal funds in excess of $500,000 have an OMB Circular A-133 Single Audit performed and provide a copy to TDH. TDH is to review the report and to issue a management decision, if applicable.

TDH passes through 98% of the Federal funds (approximately $30,100,000) to 22 subrecipients, Trauma Regional Advisory Councils. Per review of seven of the Trauma Regional Advisory Councils (councils), one of the councils did not submit their delivery plan for the fiscal year nor any of their monthly progress reports. TDH did disburse their allocated share of the grant funds.

During fiscal year 2003, TDH entered into an interagency agreement with Health and Human Services Commission (HHSC) to collect OMB Circular A-133 audit reports, review the reports and resolve any issues (i.e., issue any necessary management decisions). Due to the transition of HHSC during fiscal year 2004, request letters for the 2003 OMB Circular A-133 audits were not sent to the subrecipients. HHSC was only able to locate three of the 22 subrecipients OMB Circular A-133 reports for 2003, none of which were in our sample.

During fiscal year 2004, the responsibility to perform financial monitoring of the subrecipients transferred from TDH to HHSC, Office of the Inspector General. There were approximately 500 subrecipients that received Federal funds from TDH and HHSC performed financial monitoring for 50 subrecipients and desk reviews for 11 additional subrecipients. No councils were included in these reviews.

Corrective Action:

This finding was reissued as current year reference number: 06-16.

Reference No. 05-19

Subrecipient Monitoring

(Prior Audit Issue - 04-07, 04-27, 03-12, 02-11, 02-15, 02-19, 01-555-36)

CFDA 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - 6TX700506

CFDA 93.217 - Family Planning Services
Award year - April 1, 2003 to March 31, 2004 and April 1, 2002 to March 31, 2003
Award number - 6FPHPA060898-22-01 and 6FPHPA060898-21

CFDA 93.268 - Immunization Grants
Award year - January 1, 2004 to December 31, 2004 and January 1, 2003 to December 31, 2003
Award number - H23/CCH622571-02-02 and H23/CCH622571-01

CFDA 93.283 - Center for Disease Control and Prevention-Investigations and Technical Assistance
Award year - August 31, 2003 to August 30, 2005
Award number - U90/CCU617001038-04

CFDA 93.917 - HIV Care Formula Grants
Award year - April 1, 2004 to March 31, 2005, April 1, 2003 to March 31, 2004, and April 1, 2002 to March 31, 2003
Award number - 6X07HA00054-14-01, 6X07HA00054-13 and 6X07HA00054-12

CFDA 93.940 - HIV Prevention Activities-Health Department Based
Award year - January 1, 2004 to December 31, 2004, January 1, 2003 to December 31, 2003 and January 1, 2002 to December 31, 2002
Award number - U62/CCU623516-01, U62/CCU602008-18-4, and U62/CCU602008-17-5

CFDA 93.994 - Maternal and Child Health Services Block Grant to States
Award year - October 1, 2003 to September 30, 2005 and October 1, 2002 to September 30, 2004
Award number - 6B04MC02422-01-03 and 2B04MC00320-07
Type of finding - Reportable Condition Control and Non-Compliance

Initial Year Written: 2000
Status: Implemented
U.S. Department of Agriculture

U.S. Department of Health and Human Services

The Texas Department of Health (TDH) is required by Federal regulations to monitor subrecipients to ensure compliance with Federal rules and regulations, as well as the provisions of the contracts or grant agreements. TDH's subrecipient monitoring procedures include a risk assessment process, technical assistance, financial monitoring and OMB Circular A-133 audit report reviews. According to OMB Circular A-133, Section .400, TDH must assure that subrecipients expending Federal funds in excess of $500,000 ($300,000 prior to January 1, 2004) have an OMB Circular A-133 Single Audit performed and provide a copy to TDH that should include any necessary management corrective actions.

TDH entered into an interagency agreement with Health and Human Services Commission (HHSC) to collect the OMB Circular A-133 reports, review and resolve any issues (i.e., issue any necessary management decisions). Due to the transition of HHSC during fiscal year 2004, request letters for the 2003 OMB Circular A-133 audits were not sent to the subrecipients. However the majority of the subrecipients did send their reports to HHSC and HHSC did review and resolve. Since new request letters were not mailed for the 2003 reports, the prior audit issue of TDH only requesting OMB Circular A-133 audit reports from subrecipients that expended more than $300,000 of Federal funds provided by TDH was not resolved. Seventeen of 150 OMB Circular A-133 audit reports were not available for review of the following programs: CFDA 10.557 - One of 30, CFDA 93.217 - Eight of 30, CFDA 93.268 - Five of 30, CFDA 93.283, 93.917, 93.994 - One of 30, CFDA 93.940 - Two of 30. See finding #5-20 for total payments to subrecipients.

Corrective Action:

Corrective action was taken.

Reference No. 05-20

Subrecipient Monitoring

(Prior Audit Issue - 04-07, 04-27, 03-12, 02-11, 02-15, 02-19, 01-555-36)

Major Programs:

CFDA 93.217 - Family Planning Services
Award year - April 1, 2003 to March 31, 2004
Award number - 6FPHPA060898-22-01

CFDA 93.268 - Immunization Grants
Award year - January 1, 2004 to December 31, 2004 and January 1, 2003 to December 31, 2003
Award number - H23/CCH622571-02-02 and H23/CCH622571-01

CFDA 93.283 - Center for Disease Control and Prevention-Investigations and Technical Assistance
Award year - August 31, 2003 to August 30, 2005
Award number - U90/CCU617001038-04

CFDA 93.917 - HIV Care Formula Grants
Award year - April 1, 2004 to March 31, 2005, April 1, 2003 to March 31, 2004, and April 1, 2002 to March 31, 2003
Award number - 6X07HA00054-14-01, 6X07HA00054-13 and 6X07HA00054-12

CFDA 93.940 - HIV Prevention Activities-Health Department Based
Award year - January 1, 2004 to December 31, 2004, January 1, 2003 to December 31, 2003 and January 1, 2002 to December 31, 2002
Award number - U62/CCU623516-01, U62/CCU602008-18-4, and U62/CCU602008-17-5

CFDA 93.994 - Maternal and Child Health Services Block Grant to States
Award year - October 1, 2003 to September 30, 2005 and October 1, 2002 to September 30, 2004
Award number - 6B04MC02422-01-03 and 2B04MC00320-07

Non-major Programs:

CFDA 10.572 - WIC Farmers' Market Nutrition Program
CFDA 14.241 - Housing Opportunities for Persons with AIDS
CFDA 66.001 - Air Pollution Control Program Support
CFDA 93.110 - Maternal and Child Health Federal Consolidated Programs
CFDA 93.116 - Project Grants and Cooperative Agreements for Tuberculosis Control Programs
CFDA 93.118 - Acquired Immunodeficiency Syndrome (AIDS) Activity
CFDA 93.136 - Injury Prevention and Control Research and State and Community Based Programs
CFDA 93.197 - Childhood Lead Poisoning Prevention Program (CLPPP)
CFDA 93.215 - Hansen's Disease National Ambulatory Care Program
CFDA 93.235 - Abstinence Education
CFDA 93.259 - Rural Access to AEDs
CFDA 93.566 - Refugee and Entrant Assistance - State Administered Programs
CFDA 93.576 - Refugee and Entrant Assistance - Discretionary Grants
CFDA 93.889 - National Bioterrorism Hospital Preparedness Program
CFDA 93.941 - HIV Demonstration, Research, Public and Professional Education Projects
CFDA 93.944 - HIV/AIDS Surveillance
CFDA 93.945 - Assistance Programs for Chronic Disease Prevention and Control
CFDA 93.974 - Family Planning - Service Delivery Research Grants
CFDA 93.977 - Preventive Health Services - Sexually Transmitted Disease Control Grants
CFDA 93.978 - STD Research Public and Professional Education Projects
CFDA 93.988 - State Based Diabetes Control Program
CFDA 93.991 - Preventive Health and Health Services Block Grant

Type of finding - Reportable Condition Control and Material Non-Compliance

The Texas Department of Health (TDH) 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. TDH's subrecipient monitoring procedures include a risk assessment process, technical assistance, financial monitoring and OMB Circular A-133 audit report reviews. According to OMB Circular A-133, TDH must assure that subrecipients expending Federal funds in excess of $500,000 have an OMB Circular A-133 Single Audit performed and provide a copy to TDH. TDH is to review the report and to issue a management decision, if applicable.

Initial Year Written: 2000
Status: Partially Implemented
U.S. Department of Agriculture

U.S. Environmental Protection Agency

U.S. Department of Health and Human Services

U.S. Department of Housing and Urban Development

TDH passes through a significant amount of Federal funds to subrecipients. During fiscal year 2004 there were approximately 500 subrecipients that received Federal funds from TDH; 84 were assessed as high-risk subrecipients, and received approximately $204 million, 173 were assessed as moderate risk and received approximately $61 million, and 243 were assessed as low risk and received approximately $33 million. In fiscal year 2004 TDH conducted financial monitoring for 50 subrecipients and desk reviews for 11 additional subrecipients. Of the 50 monitored, 26 were high-risk subrecipients, 18 moderate risk subrecipients and 6 low risk subrecipients. This is an improvement from fiscal year 2003 where only 33 subrecipients were monitored.

Total payments to subrecipients charged to the major and non-major programs for fiscal year 2004 were:

Federal Program		Amount Charged to the Federal Program
CFDA 10.572	$	234,883
CFDA 14.241		2,877,852
CFDA 66.001		25,104
CFDA 93.889		30,138,160
CFDA 93.110		58,063
CFDA 93.116		3,291,059
CFDA 93.118		114,827
CFDA 93.136		108,700
CFDA 93.197		386,211
CFDA 93.215		102,854
CFDA 93.217		11,109,509
CFDA 93.235		4,212,139
CFDA 93.259		(527)
CFDA 93.268		5,491,029
CFDA 93.283		35,750,548
CFDA 93.566		1,527,399
CFDA 93.576		10,983
CFDA 93.917		17,241,483
CFDA 93.940		11,071,652
CFDA 93.941		98,417
CFDA 93.944		800,648
CFDA 93.945		69,454
CFDA 93.974		122,516
CFDA 93.977		2,781,588
CFDA 93.978		203,920
CFDA 93.988		44,594
CFDA 93.991		2,358,259
CFDA 93.994		9,569,931
Total	$	139,801,255

Corrective Action:

This finding was reissued as current year reference number: 06-16.

Health and Human Services Commission

Reference No. 05-21
Allowable Costs/Cost Principles

CFDA 93.667 - Social Services Block Grant
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - G-0401TXSOSR and G0301TXSOSR

Medicaid Cluster
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - 05-0405TX5028 / 05-0405TX5048 and 05-0305TX5028 / 05-0305TX5048
Type of finding - Reportable Condition Control

Initial Year Written: 2004
Status: Implemented

U.S. Department of Health and Human Services

Access to modify reference and pricing data through the Phoenix/Compass21 (C21) application was not appropriately limited during the period from January 1, 2004 to August 31, 2004. Specifically, eight profiles (groups with many users) in the C21 production environment had write access to reference and pricing windows (in addition to the Reference File Maintenance team). These profiles were: CCPDFLT, CSHCNDFT, OPQATRMG, OUTPATTL, PREANDV, STATE5, XOVRDFLT, and XOVRLDR. With the assistance of Texas Medicaid and Healthcare Partnership (TMHP) management, this access was determined to be inappropriate for all eight profiles. Moreover, one of the profiles (STATE5) was the Health and Human Services Commission (HHSC) and related agency users.

In addition to the C21 application access observation noted above, the C21 production-staging environment, which is used to migrate program changes to the production application, was accessible via three profiles other than the Reference File Maintenance team. One of the three profiles - an administrative profile - did have a business need for access. No compliance issues were noted per review of a sample of 50 allowable cost transactions.

TMHP began its contract with the HHSC on January 1, 2004. Prior to 2004, the C21 system was administered by system engineers of the former contractor. During the transition to TMHP, TMHP management made an effort to migrate system and data maintenance functions to appropriate teams within Technology Operations. However, some access rights that were required for the conversion and initial production support, were not removed after the initial transition period.

Upon identification of these observations, TMHP management took action and access was changed to view only for all eight Phoenix profiles effective November 24, 2004. Moreover, TMHP evaluated and removed inappropriate user access to the production C21 library and limited access to personnel based on business need to support the production application. TMHP management has also initiated a project to increase the level of monitoring through formal, periodic system access audits.

Procedures were performed to determine if any unauthorized users had made changes to the production pricing and reference data. The procedures included:

- Selected a sample of C21 reference and pricing changes and determined changes were made by authorized users in accordance with TMHP configuration management policies and procedures;
- Selected a sample of C21 program changes and determined changes were made by authorized users in accordance with TMHP configuration management policies and procedures.
- Inspected C21 access parameters for the STATE5 profile and determined that the profile had additional restrictions (beyond broad update or view only parameters) to limit users ability to create valid C21 projects, which is a requirement for making pricing and reference file changes.
- Performed a query of the production C21 system and determined that all the projects successfully created after January 1, 2004 (beginning date of TMHP contract) were performed by authorized users.

Due to the dependence on information systems to process acute care claims, controls over the information systems environment are critical for the accurate processing. Personnel with excessive rights to modify pricing and reference tables or production programs increases the risk of unauthorized changes to the production environment and may also lead to unintentional errors in claims processing.

Corrective Action:

Corrective action was taken.

Reference No. 05-23
Eligibility

CFDA 93.558 - Temporary Assistance for Needy Families
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - G-0401TXTANF and G0301TXTANF

Medicaid Cluster
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - 05-0405TX5028 / 05-0405TX5048 and 05-0305TX5028 / 05-0305TX5048
Type of finding - Reportable Condition Control

Initial Year Written: 2004
Status: Implemented

U.S. Department of Health and Human Services

There are specific requirements that must be followed to ensure that individuals meet the financial and categorical requirements for Medicaid. One of these requirements is that Texas will use the income and eligibility verification system (IEVS) to verify eligibility using wage information available from such sources as the agencies administering State unemployment compensation laws, Social Security Administration (SSA), and the Internal Revenue Service to verify income eligibility and the amount of eligible benefits. (42 USC 1320b-7(a); 42 CFR sections 435.948(e) and 435.953). Texas verifies the eligibility of individuals by comparing the SSA information to the Medicaid beneficiary records maintained in the System of Application, Verification, Eligibility, Referral, and Reporting (SAVERR) database.

The data control unit (data control) provides operational monitoring of both automated data transmissions and manual certifications submitted by Social Security Administration (SSA) for inclusion in the SAVERR eligibility determination. Data control's day-to-day responsibilities include the review of volumes of system-generated reports denoting various exception conditions between SSA and SAVERR data. Data control's primary control for the SSA information is a reconciliation of the SSA data to the SAVERR database. The following observations related to data control's operational monitoring of State Data Exchange (SDX) transmissions were noted:

- While data control has high-level descriptions of reports and error conditions for review, the organization has not created up-to-date, formal detailed standard operating procedures defining: (1) requirements for specific report review; (2) error identification and resolutions; and (3) maintenance of auditable evidence showing critical reports (and associated exceptions) are reviewed and resolved timely. The data control unit does have handwritten instructions for working all reports which include how to identify and resolve errors.

- One key report - the MS909 SDX Recon Exception Report - contains a list of error messages for client records that did not reconcile between SSA master records and SAVERR records. In January 2005, the data control personnel were still reconciling the report from October 2003.

No compliance issues were noted per review of 50 recipients eligibility files.

Corrective Action:

Corrective action was taken.

Reference No. 05-24

Allowable Costs/Cost Principles

Major Programs:

CFDA 93.558 - Temporary Assistance for Needy Families
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - G-0401TXTANF and G0301TXTANF

CFDA 93.667 - Social Services Block Grant
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - G-0401TXSOSR and G0301TXSOSR

Food Stamp Cluster
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - 6TX400105

Medicaid Cluster
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - 05-0405TX5028 / 05-0405TX5048 and 05-0305TX5028 / 05-0305TX5048

Non-Major Programs:

CFDA 10.558 - Child and Adult Care Food Program
CFDA 10.559 - Summer Food Service Program for Children
CFDA 93.566 - Refugee and Entrant Assistance - State Administered Programs
CFDA 93.767 - State Children's Insurance Program

Type of finding - Material Weakness Control

Initial Year Written: 2004
Status: Implemented

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

Access controls are inappropriately designed for the Unisys database; user identification numbers (ID's) with production update access have not been limited to the database based on the principle of least access. Approximately 140 unique user ID's have full update access to the production Unisys database, which is used in the Medicaid Vendor Drug (ECM), SAVERR, and other applications across the Health and Human Services Commission (HHSC). The ID's include a mix of information technology (IT) personnel across the enterprise, third-party contractors, and system ID's (used for production processing). 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 date in ECM and SAVERR.

The Health and Human Services Commission (HHSC) defined security broadly for the Unisys database. The complexity of the database 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 operation problems. However, sophisticated users or contractors, especially those with broad HHSC enterprise 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 which may also lead to unintentional errors or omissions in processing. No compliance issues were noted per review of a sample of 50 allowable cost transactions.

Corrective Action:

Corrective action was taken.

Reference No. 05-25
Program Income

Medicaid Cluster
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - 05-0405TX5028 / 05-0405TX5048 and 05-0305TX5028 / 05-0305TX5048
Type of finding - Reportable Condition Control and Non-Compliance

Initial Year Written: 2004
Status: Implemented

U.S. Department of Health and Human Services

Vendor drug rebates are mandatory rebates paid by pharmaceutical companies that participate in the Medicaid program. Section 1927 of the Social Security Act allows states to receive rebates for drug purchases the same 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 upon this data, CMS calculates a unit rebate amount for each drug and provides the information to each state. 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 manufactures are required to pay the rebate or provide the state with written notice of disputed items not paid.

The Health and Human Services Commission (HHSC) is the state Medicaid agency for Texas. On a quarterly basis, HHSC mails vendor invoices to comply with the 60-day requirement noted above. The June 30, 2004, invoices were sent on September 3, 2004, instead of August 29, 2004. With regard to the manufacturers paying within 30 days of receipt of the data, HHSC follows up with past due notices if payment has not been received within 45 days. Three invoices out of 40 selected were not paid within 30 days and HHSC did not send out the past due notices within 45 days. Past due notices were sent at 92 to 112 days for these three invoices.

Corrective Action:

Corrective action was taken.

Reference No. 05-26
Special Tests and Provisions - Managed Care

Medicaid Cluster
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - 05-0405TX5028 / 05-0405TX5048 and 05-0305TX5028 / 05-0305TX5048
Type of finding - Reportable Condition Control and Material Non-Compliance

Initial Year Written: 2004
Status: Implemented

U.S. Department of Health and Human Services

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 service specified populations that would be otherwise ineligible (sections 1115 of the Social Security Act).

Beneficiary complaints - The Health and Human Services Commission's (HHSC) process for handling beneficiary complaints involves the intake unit assigning each issue to a customer service representative. The intake unit creates a case folder for each complaint upon receipt. If the issue is "simple" such as change my plan, change of address, etc., the customer service representative resolves the issue, contacts the beneficiary via email or phone, and closes the case file. For issues which require research, the research is performed and often a written response is mailed to the beneficiary and the case is closed. Managers review the case files to ensure compliance. Fifty beneficiary case files were reviewed and the following was noted:

- Four files did not contain documentation that the beneficiary had been contacted to resolve the issue noted.
- One file did not contain the beneficiary's name, address, Medicaid identification number.

Provider (doctors and hospitals) complaints - The intake unit is required to generate an acknowledgement letter to be sent to the provider. Research is performed by the provider consultants which can include contacting the provider and/or the managed care organization. For valid claims, notice of compliant letter is sent to the managed care organization suggesting a resolution and notifying them that they have ten days to respond. Follow ups are performed if a response is not received in ten days. Once resolved, a final resolution letter is mailed. Managers review the case files to ensure compliance. Fifty provider case files were reviewed and the following was noted:

- Two files did not have evidence that the acknowledgment letter had been sent to the provider.
- One file lacked evidence that the provider had been contacted to resolve the issue noted.
- Two files did not have claim investigation support.
- Five files did not contain the letter to the provider's managed care organization (MCO) requesting the MCO to research the claim and respond in 10 days.
- One provider file was not available for review.

Corrective Action:

Corrective action was taken.

Reference No. 05-28

Eligibility

CFDA 93.558 - Temporary Assistance for Needy Families
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - G-0401TXTANF and G0301TXTANF

Food Stamp Cluster
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - 6TX400105

Medicaid Cluster
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - 05-0405TX5028 / 05-0405TX5048 and 05-0305TX5028 / 05-0305TX5048
Type of finding - Reportable Condition and Non-Compliance

Initial Year Written: 2004
Status: Implemented

U.S. Department of Health and Human Services

U.S. Department of Agriculture

In accordance with 42 CFR 435.948 (a) the State agency must verify eligibility using State wage information maintained by the State Wage Information Collection Agency (SWICA) during the application period and at least on a quarterly basis; (2) Information about net earnings from self-employment, wage and payment of retirement income, maintained by the Social Security Administration (SSA) and available under Section 6103(l)(7)(A) of the Internal Revenue Code of 1954, for applicants during the application period and for recipients for whom the information has not previously been requested. Additionally, in accordance with 42 CFR 435.920 States must verify each SSN of each applicant and recipient with the SSA to insure that each SSN furnished was issued to that individual and to determine whether any others were issued.

A sample of 50 beneficiaries who were determined to be eligible for Medicaid benefits were selected for review. For four of the 50 beneficiaries there was no evidence that income was verified with the State wage information maintained by the Texas Workforce Commission (TWC). For another beneficiary, income was verified with the TWC six months after benefits commenced. For one of the 50 beneficiaries there was no proof of social security number in the file nor was there any evidence in the file or the eligibility system that the social security number was verified with the SSA.

A sample of 40 beneficiaries who were determined to be eligible for Food Stamps and TANF benefits were selected for review. For four of the 40 beneficiaries there was no evidence that income was verified with the State wage information maintained by TWC. For another beneficiary, income was verified with the TWC six months after benefits commenced. For one of the 40 beneficiaries there was no proof of social security number in the file nor was there any evidence in the file or the eligibility system that the social security number was verified with the SSA.

Corrective Action:

Corrective action was taken.

Department of Housing and Community Affairs

Reference No. 04-26

Allowable Costs/Cost Principles

Major Programs:

CFDA 14.239 - HOME Investment Partnerships Program
CFDA 14.871 - Section 8 Housing Choice Vouchers
CFDA 93.568 - Low-Income Home Energy Assistance

Non-Major Programs:

CFDA 14.231 - Emergency Shelter Grants Program
CFDA 81.042 - Weatherization Assistance for Low-Income Persons
CFDA 93.569 - Community Services Block Grant

Type of finding - Material Non-Compliance

Initial Year Written: 2003
Status: Implemented

U.S. Department of Housing and Urban Development

U.S. Department of Energy

U.S. Department of Health and Human Services

The Department of Housing and Community Affairs (DHCA) indirect cost rate agreement with the U.S. Department of Health and Human Services (HHS) was discontinued effective August 31, 2000 when HHS was no longer the designated cognizant agency for DHCA. DHCA has continued to use the rate in effect prior to August 31, 2000 of 44% of a base of direct salaries and wages excluding all fringe benefits. Indirect costs charged to the grants for fiscal year 2003 are noted below:

Federal Program		Indirect Costs Charged to the Federal Program
CFDA 14.231	$	51,708
CFDA 14.239		528,869
CFDA 14.871		154,419
CFDA 81.042		92,312
CFDA 93.568		308,531
CFDA 93.569		286,987
Total	$	1,422,826

Corrective Action:

Corrective action was taken.

Reference No. 05-67

Special Tests and Provisions - Housing Assistance Payment

CFDA 14.871 - Section 8 Housing Choice Vouchers
Award year - July 1, 2004 to June 30, 2005
July 1, 2003 to June 30, 2004
Award number - TX-901
Type of finding - Reportable Condition Control and Non-Compliance

Initial Year Written: 2004
Status: Implemented

U.S. Department of Housing and Urban Development

The Code of Federal Regulations, Title 24, Section 982.305(c)(2) [24 CFR 982.305(c)(2)] requires the Department of Housing and Community Affairs (the Department) to not pay any housing assistance payment to the owner until the Housing Assistance Program (HAP) contract has been executed.

For three of 35 tenant files tested, the HAP contract was either unsigned or not in the tenant file. Contracts that are not fully executed increase the risk that property owners may not know their responsibilities and rights and that the Department may not be able to implement its enforcement powers. Section 8 Housing Choice Voucher payments made on behalf of these three tenants totaled $5,351 for fiscal year 2004. Budgeted benefits for the same fiscal year for all contracts totaled approximately $10,040,484.

Corrective Action:

Corrective action was taken.

Reference No. 05-68

Special Tests and Provisions - Reasonable Rent

(Prior Audit Issue - 04-21)

CFDA 14.871 - Section 8 Housing Choice Vouchers
Award year - July 1, 2004 to June 30, 2005
July 1, 2003 to June 30, 2004
Award number - TX-901
Type of finding - Non-Compliance

Initial Year Written: 2003
Status: Implemented

U.S. Department of Housing and Urban Development

The Code of Federal Regulations, Title 24, Section 982.507 [24 CFR 982.507] requires the Department of Housing and Community Affairs (the Department) to certify that the rent charged to the housing choice voucher tenant is not more than the rent charged for other unassisted comparable units. 24 CFR 982.507(c) notes that the owner of the units must provide the Department with rent information for other comparable units.

The Department's policy is for local operators to complete a standard rent reasonableness determination worksheet, including rents for unassisted comparable units. This determination worksheet is included in the Housing Assistance Program (HAP) checklist and includes steps to ensure that the Department has received necessary documentation to verify eligibility, choose applicants from the waiting list, and determine rent reasonableness. However, the Department does not consistently follow all of the steps on this checklist.

For two of 40 contracts tested for fiscal year 2004, either (1) the Certification of Rent Reasonableness Determination section of the HAP checklist was incomplete or (2) the Unit Inspection section of the HAP checklist was unsigned. Section 8 Housing Choice Voucher payments made on behalf of one tenant associated with one of these two contracts totaled $4,080 for fiscal year 2004. Benefits paid for fiscal year 2004 for all contracts totaled approximately $10,040,484.

Corrective Action:

Corrective action was taken.

Reference No. 05-69

Special Tests and Provisions - Selection from the Waiting List

CFDA 14.871 - Section 8 Housing Choice Vouchers
Award year - July 1, 2004 to June 30, 2005
July 1, 2003 to June 30, 2004
Award number - TX-901
Type of finding - Reportable Condition Control

Initial Year Written: 2004
Status: Implemented

U.S. Department of Housing and Urban Development

The Code of Federal Regulations, Title 24, Section 982.54 (24 CFR 982.54) requires the Department of Housing and Community Affairs (the Department) to have a written administrative plan that establishes local policies for the administration of the housing choice voucher program in accordance with U.S. Department of Housing and Urban Development requirements.

The Department created the Housing Assistance Program Contract Routing and Quality Control Checklist (HAP checklist) to ensure adherence to its administrative plan. This checklist includes steps to ensure that the Department has received necessary documentation to verify eligibility, choose applicants from the waiting list, and determine rent reasonableness. However, the Department does not consistently follow all of the steps on this checklist.

We did not identify any instances of noncompliance regarding the selection of individuals from the waiting list. However, the following errors increase the risk that the Department may not correctly choose applicants from the waiting list. Specifically, six of 35 tenant files tested for fiscal year 2004, the Tenant Data section of the HAP checklist was incomplete, the program coordinator did not review or sign the HAP checklist, or the HAP checklist was missing.

Corrective Action:

Corrective action was taken.

Reference No. 05-70

Eligibility

CFDA 14.871 - Section 8 Housing Choice Vouchers
Award year - July 1, 2004 to June 30, 2005
July 1, 2003 to June 30, 2004
Award number - TX-901
Type of finding - Non-Compliance

Initial Year Written: 2004
Status: Implemented

U.S. Department of Housing and Urban Development

The Code of Federal Regulations, Title 24, Section 5.9035 (24 CFR 5.903) requires the Department of Housing and Community Affairs (the Department) to have a signed "Criminal History Certification/Acknowledgement" form for all adults aged 18 and over who participate in Section 8 Housing Choice Vouchers Program. In addition, eligibility investigations associated with the criminal certification/acknowledgement form must be documented.

Two of the 30 applicant files tested for fiscal year 2004 did not contain signed "Criminal History Certification Acknowledgement" forms. In addition, in four of the 30 files reviewed, the eligibility determination section of the form had not been completed.

Corrective Action:

Corrective action was taken.

Reference No. 05-71
Eligibility

CFDA 14.871 - Section 8 Housing Choice Vouchers
Award year - July 1, 2004 to June 30, 2005
July 1, 2003 to June 30, 2004
Award number - TX-901
Type of finding - Reportable Condition Control

Initial Year Written: 2004
Status: Implemented

U.S. Department of Housing and Urban Development

The Code of Federal Regulations, Title 24, Section 982.54 (24 CFR 982.54) requires the Department of Housing and Community Affairs (the Department) to have a written administrative plan that establishes local policies for the administration of the housing choice voucher program in accordance with U.S. Department of Housing and Urban Development requirements.

The Department created the Housing Assistance Program Contract Routing and Quality Control Checklist (HAP checklist) to ensure adherence to its administrative plan. This checklist includes steps to ensure that the Department has received necessary documentation to verify eligibility. However, the Department does not consistently follow all of the steps on this checklist.

Although we noted no instances of noncompliance with eligibility requirements, for 13 of the 30 applicant files tested, the program coordinator or the regional coordinator did not sign the "Type of Review" section of the HAP checklist.

Corrective Action:

Corrective action was taken.

Reference No. 05-72
Special Tests and Provisions - Housing Quality Standards Inspections
(Prior Audit Issue - 04-22 and 03-18)

CFDA 14.871 - Section 8 Housing Choice Vouchers
Award year - July 1, 2004 to June 30, 2005
July 1, 2003 to June 30, 2004
Award number -TX-901
Type of finding - Material Weakness Control and Material Non-Compliance

Initial Year Written: 2002
Status: Implemented

U.S. Department of Housing and Urban Development

The Code of Federal Regulations, Title 24, Sections 982.405(a) and (b) [24 CFR 982.405(a) and (b)] requires that housing units for the Section 8 Housing Choice Voucher program be inspected and reinspected, and each unit must have a properly completed unit inspection report summarizing the inspection results.

To comply with this requirement, the Department of Housing and Community Affairs (the Department) uses Form HUD-52580-A, Inspection Form for the Housing Choice Vouchers Program. To properly perform an inspection or reinspection, each area of that form should be completed.

For 36 of the 51 inspections tested, HUD-52580-A forms were completed, but the results of subsequent reinspections indicated the original inspection may not have been adequate. When the reinspections were performed, additional deficiencies in the units were noted. The nature of these deficiencies indicated that the conditions existed at the time of the annual inspections, which puts the quality of the annual inspections in question.

Additionally, for three of 81 inspections tested, certain areas of the HUD-52580-A forms were left blank.

Corrective Action:

Corrective action was taken.

Reference No. 05-73

Special Tests and Provisions - Housing Quality Standards Inspections

CFDA 14.871 - Section 8 Housing Choice Vouchers
Award year - July 1, 2004 to June 30, 2005
July 1, 2003 to June 30, 2004
Award number - TX-901
Type of finding - Reportable Condition Control

Initial Year Written: 2004
Status: Implemented

U.S. Department of Housing and Urban Development

The Code of Federal Regulations, Title 24, Sections 982.405(a) and (b) [24 CFR 982.405(a) and (b)] requires that units leased to families for the Section 8 Housing Choice Voucher Program be inspected and reinspected at least annually to determine whether they meet housing quality standards. Reinspections must be completed within three months of the original inspection.

The dates of the inspection and reinspection are noted on the Form HUD-52580-A, Inspection Form for the Housing Choice Vouchers Program. For all files reviewed, the inspections and reinspections were performed within the required annual and three-month window. However, for 13 of 81 inspections tested, either a Contract Routing Sheet was not on file or the Contract Routing Sheet lacked a required signature. The Department of Housing and Community Affairs (the Department) uses this Contract Routing Sheet as a control for insuring the inspections are completed in a timely manner and that the tenant file includes all required inspection documentation.

Corrective Action:

Corrective action was taken.

Reference No. 05-74

Special Tests and Provisions - Housing Quality Standards Enforcement
(Prior Audit Issue - 04-23 and 03-17)

CFDA 14.871 - Section 8 Housing Choice Vouchers
Award year - July 1, 2004 - June 30, 2005
July 1, 2003 - June 30, 2004
Award number - TX-901
Type of finding - Reportable Condition Control and Material Non-Compliance

Initial Year Written: 2002
Status: Implemented

U.S. Department of Housing and Urban Development

The Code of Federal Regulations, Title 24, Sections 982.158(d) and 982.404 [24 CFR sections 982.158(d) and 982.404] requires that owners of units under housing assistance payment contracts that fail to meet housing quality standards correct any life-threatening deficiencies within 24 hours after the inspection; they must correct all other deficiencies within 30 calendar days or within a specified approved extension period. If the owner does not correct the cited deficiency within the specified correction period, either (1) housing assistance payments must be stopped beginning no later than the first of the month following the specified correction period or (2) the housing assistance payment contract must be terminated. For family-caused defects, if the family does not correct the cited deficiencies within the specified correction period, the Department of Housing and Community Affairs (the Department) must take prompt and vigorous action to enforce family obligations.

For seven of the 49 contracts tested, inspections noted a non-life-threatening deficiency and, although documentation in the files showed the deficiencies had been corrected, the documentation did not show that the deficiencies had been corrected within 30 calendar days. For three of these files, corrections were made before the end of the reporting period, so the abatement of payments to landlords was not required. However, the remaining four files were repaired after the abatement period began. There was no note in the Department's file indicating that payments to landlords in the amount of $1,842 had been abated.

Corrective Action:

Corrective action was taken.

Reference No. 05-22

Allowable Costs/Cost Principles

CFDA 14.871 - Section 8 Housing Choice Vouchers
Award year - July 1, 2004 - June 30, 2005
July 1, 2003 - June 30, 2004
Award number - TX-901
Type of finding - Material Weakness Control

Initial Year Written: 2004
Status: Partially Implemented

U.S. Department of Housing and Urban Development

The Department of Housing and Community Affairs (the Department) should correct weaknesses in the separation of duties in the Section 8 Housing Choice Voucher program transaction process and in the software change management process associated with its Section 8 system. Weaknesses in these areas increase the risk that a single individual could complete all key components of a program transaction (including payments) without sufficient authorization or review. We tested 30 payments and did not identify any non-compliance with requirements related to allowable costs/cost principles. However, the issues discussed below increase the risk of non-compliance with these requirements.

Separation of Duties Issue

The Department's Section 8 regional coordinators have the ability to complete all steps in the Section 8 transaction process, and most of their transactions are passed on automatically to the Department's accounting system for payment. Specifically, the regional coordinators process contract source documents, enter these transactions into the Section 8 system, and establish vendor payment data in the accounting system. This condition exists primarily because there is only one user-access level within the Section 8 system.

In addition, there is no transaction approval mechanism within the Section 8 system to ensure that all transactions entered into the system undergo review and approval before they are updated in this system. There is also not a sufficient review of transactions entering the Section 8 system to compensate for this condition. For example, while a third party compares "single" transactions entered into the Section 8 system to the original source documents, this type of review is not done for the majority of transactions. The majority of transactions become part of a "multi" batch, which is directly interfaced into the accounting system, and payment vouchers are subsequently processed for these transactions. It is unlikely that supplemental accounting controls would detect transactions in error or unauthorized transactions; such controls are designed to reconcile the systems involved in the payment process rather than review the transactions for accuracy or validity.

Software Change Management Issue

Personnel who maintain the Section 8 system can make changes to Section 8 programs and have direct access to the tool used to move updated programs into the production environment. There is not an additional program review and approval process in place to enable a third party to monitor and approve such changes. Personnel who maintain the Section 8 system can also modify system data. While the Department does require its system developers to review one another's work, each developer still has the capability to change the programs and data independently.

In addition, the Department's network administrator has access to the tool to move programs into the production environment. The network administrator may not need this access. Furthermore, the Department has a memorandum of understanding with another state agency to share computing resources, and the personnel from the other agency also have access to modify Section 8 programs. Finally, while knowledge of the password needed to move programs into the production environment is tightly controlled, this password has not recently been changed, which increases the risk that this password could be compromised.

Corrective Action:

This finding was reissued as current year reference number: 06-20.

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

Initial Year Written: 2001
Status: Partially Implemented

Federal Emergency Mangement Agency

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.

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.

Management Response and Corrective Action Plan 2003:

IFG personnel worked with FEMA personnel throughout fiscal year 2002 to identify cases and recoup Federal and State funds from Tropical Storm Allison. The State and FEMA are currently discussing the management and monitoring of recoupment cases. IFG is manually testing as many cases as possible related to Disaster 1425 that are auto-approved by NEMIS. As amounts that should be recouped are identified, the case are placed in the NEMIS recoupment queue. At present, there are about 700 cases representing $1,624,000 in debt collection at FEMA's disaster finance center, of which approximately $44,000 has been collected as of August 2003. Discussion is being held with U.S. Department of Treasury (IRS) regarding collection of these outstanding amounts.

Management Response and Corrective Action Plan 2004:

There are about 700 cases with overpayments of approximately $1,617,000 being pursued by FEMA and the U.S. Department of Treasury. As of February 2005, approximately $78,000 total has been returned. The U.S. Department of Treasury has begun turning cases over to private collection agencies.

Management Response and Corrective Action Plan 2005:

FEMA and HHSC staff continue to work closely on the recovery of overpayments associated with Tropical Storm Allison. As part of this recovery process, recipients have an opportunity to appeal. If no appeal is requested or if the recipient loses their appeal, FEMA has developed and implemented a process with the U.S. Treasury, Internal Revenue Service to refer delinquent accounts for collection. As of November 2005, a total of $473,662.54 has been recouped, consisting of $152,229.47 in interest and $321,433.07 in principal.

Implementation Date: *On-going*

Responsible Person: *Pam Wade, FEMA, and Alan Bledsoe*

Reference No. 05-29
Reporting

CFDA 93.558 - Temporary Assistance for Needy Families
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - G-0401TXTANF and G0301TXTANF
Type of finding - Reportable Condition Control and Non-Compliance

Initial Year Written: 2004
Status: Implemented

U.S. Department of Health and Human Services

In accordance with 92 CFR section 41(c), the Department of Human Services (DHS) is required to submit the SF 272, Federal Cash Transaction Report, to the Federal government.

The report for the quarters ended December 31, 2003 and June 30, 2004 were selected for review. It was noted that the Federal share of the cumulative net disbursement amount reported for the quarter ended June 30, 2004 was incorrect. Federal share of cumulative net disbursements of $433,646,348 was reported, however the correct amount is $278,414,143. Additionally, expenditures of $46,855,963 for fiscal year 2003 were incurred, however these expenditures were not included in the report.

Corrective Action:

Corrective action was taken.

Reference No. 05-30
Cash Management

CFDA 93.667 - Social Services Block Grant
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - G-0401TXSOSR and G0301TXSOSR
Type of finding - Reportable Condition Control and Non-Compliance

Initial Year Written: 2004
Status: Implemented

U.S. Department of Health and Human Services

31 CFR, Chapter II, Part 205, Subpart A, Negotiation of Intergovernmental Agreements for Financing Federal Assistance Programs - Interest Liabilities on Intergovernmental Funds Transfers, establishes the regulations for implementing the Cash Management Improvement Act of 1990 (CMIA). Per section 205.8(c)(1), "if a State has actual or constructive knowledge, at any time, that a clearance pattern does not correspond to a program's clearance activity, or if the program undergoes operational changes that may affect clearance activity, the State shall…(ii) Develop a new clearance pattern and certify that it corresponds to a program's clearance activity." The Texas Comptroller of Public Accounts (Comptroller) includes in its CMIA training/update programs instructions on how the agencies should monitor for changes in their clearance patterns within the 5-year certification period.

Under the State of Texas CMIA agreement with the Department of Treasury, the Social Services Block Grant (SSBG) program utilizes the pre-issuance funding technique, which requires a clearance pattern. Our audit procedures for 2004 included selecting a three-month period from fiscal year 2004, calculating the clearance pattern, and comparing the calculation to the clearance pattern being utilized as part of the 2004 Statewide CMIA report. The result of the comparison between our calculated clearance pattern for fiscal year 2004 and the Department of Human Services' (DHS) clearance pattern calculated from 2003 data indicated that a change in the payment patterns had taken place that warranted a revision in the clearance pattern. During fiscal year 2003, the draws were limited due to a national shortage of federal funds that caused a delay in the availability of Title XX federal funds to DHS. In fiscal year 2004, there were no restrictions on funding so draws were as needed (i.e., every 2-3 days). The fiscal year 2004 clearance pattern from our three-month sample was (1.66) days versus the DHS clearance pattern calculated from 2003 data of (8.08) days. Although DHS does have a written policy in place concerning the calculation of clearance patterns for the 5-year certification period, this policy should also address periodic review of actual clearance patterns during each fiscal year in order to identify if changes in the clearance pattern have occurred.

The questioned costs are the differences in the interest liabilities created if the new clearance pattern had been incorporated into the 2004 CMIA report. Using the interest rate for fiscal year 2004 of 1.07% (the 2004 average of the 13-week Treasury Bill equivalent yield as provided by the U.S. Department of Treasury - Financial Management Service), interest receivable was over reported by approximately $11,500. Total draws for the year for SSBG were approximately $81,089,000.

Corrective Action:

Corrective action was taken.

Juvenile Probation Commission

Reference No. 05-31
Subrecipient Monitoring

CFDA 93.658 - Foster Care - Title IV-E
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - 0401TX1401 and G0301TX1401
Type of finding - Reportable Condition Control and Non-Compliance

Initial Year Written: 2004
Status: Partially Implemented

U.S. Department of Health and Human Services

The Juvenile Probation Commission (JPC) 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. JPC's subrecipient monitoring procedures include a risk assessment process, standardized contracts, training and technical assistance, program and financial monitoring and review of agreed-upon procedures reports required to be performed at the juvenile probation department level. JPC relies on the Department of Family and Protective Services to determine eligibility and to set the reimbursement rates. JPC passes through 100% of their Foster Care funds to subrecipients (i.e., Texas counties). During fiscal year 2004 there were approximately 125 counties that received foster care funds of approximately $33,604,000 from JPC.

More specifically, JPC's subrecipient monitoring process includes:

- Yearly grant awards exist with each county along with an approved 2003 budget form that estimates the amount of foster care entitlement funds expected to be incurred for the fiscal year. The contract is used to communicate the CFDA information and applicable regulations.
- To receive enhanced administrative reimbursement, the county must also file an implementation plan that documents their indirect cost rate. JPC's fiscal personnel review the implementation plans for completeness and reasonableness of the indirect rate.
- Quarterly or monthly reimbursement requests from the counties are recalculated based on the applicable reimbursement rate by JPC personnel prior to approval for payment.
- Programmatic site visits are performed for counties that place children in the foster care program.
- There is a risk assessment process and the top 10 counties were selected for a financial monitoring visit that includes review of payroll effort documentation, proper use of travel reimbursement rates, and allowability of expenses.
- JPC also requires an agreed upon procedures report from each county which includes provisions for the local auditor to review the accuracy of the fees paid to private service providers, the categorization of training costs into the appropriate categories, and the allowable expenses for direct and indirect categories. Also the agreed upon procedures report is to note if there are any findings related to the Foster Care program in the county's A-133 report.
- JPC's internal audit service also performed a review of the foster care program in fiscal year 2004.

For the fiscal year 2004, only four of the top 10 counties received a financial monitoring visit and no financial reviews were performed for fiscal year 2003. Also the standard contracts did not include the required suspension and debarment certification clause. It was noted that the fiscal year 2005 contracts did include the required suspension and debarment certifications. Lastly, at year-end the majority of the fourth quarter claims submitted by the counties were not processed for payment.

Also during fiscal year 2004, an internal audit review was performed at the county level for adherence to foster care documentation requirements and the allowability of expenses submitted for reimbursement. The results of the audit found that the travel expenses are not being accounted for correctly (with regard to reimbursement rate versus indirect cost pool), unallowable costs are being charged to foster care, and untrained personnel are completing eligibility forms.

JPC's monitoring process relies heavily on the review of reimbursement requests and the performance of the agreed upon procedures reports. The information provided by the counties with their reimbursement request is not detailed enough to assess the allowability of expenditures. The suggested procedures in the agreed-upon procedures policies are not specific enough to determine whether the respective auditors are selecting samples of invoices and timesheets to review for allowable costs. The agreed-upon procedures reports do include any foster care findings noted in the county's OMB Circular A-133 reports.

Corrective Action:

This finding was reissued as current year reference number: 06-21.

Department of Mental Health and Mental Retardation

Reference No. 05-32

Allowable Costs/Cost Principles

(Prior Audit Issue - 04-30 and 03-29)

Major Programs:

CFDA 93.958 - Block Grants for Community Mental Health Services
Award year - October 1, 2003 to September 30, 2005
Award number - 04B1TXCMHS-01, 04B1TXCMHS-02 and 04B1TXCMHS-03

Medicaid Cluster
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - 05-0405TX5028 / 05-0405TX5048 and 05-0305TX5028 / 05-0305TX5048

Non-Major Programs:

CFDA 83.539 - Crisis Counseling
CFDA 83.552 - Emergency Management Performance Grants
CFDA 93.150 - Projects for Assistance in Transition from Homelessness
CFDA 93.242 - Mental Health Research Grants
CFDA 93.243 - Substance Abuse and Mental Health Services
CFDA 93.779 - Center for Medicare and Medicaid Services Research, Demonstrations, and Evaluations
CFDA 93.982 - Mental Health Disaster Assistance and Emergency Mental Health
Foster Grandparent/Senior Companion Cluster

Type of finding - Reportable Condition Control and Non-Compliance

Initial Year Written: 2002
Status: Implemented

U.S. Federal Emergency Management Administration

U.S. Department of Health and Human Services

Corporation for National and Community Service

Per OMB Circular A-87, attachment B, section 8H, support of salaries and wages, the following standards are applicable:

- Where employees are expected to work solely on a single Federal award, 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.

- Where employees work on multiple activities or cost objectives, a distribution of their salaries and wages will be supported by personnel activity reports or equivalent documentation which:

  1) Reflect an after-the-fact distribution of the actual activity of each employee,
  2) Account for the total activity for which each employee is compensated,
  3) Prepared at least monthly and coincide with the pay period,
  4) Signed by the employee, and
  5) Budget estimates before the services are performed do not qualify as support for charges to Federal awards but may be used for interim purposes provided that at least quarterly, comparisons of actual costs to budgeted amounts are made and any adjustments are reflected in the amounts billed to the Federal program.

From September 1, 2003 to December 31, 2003, the Department of Mental Health and Mental Retardation (DMHMR) did not require employees whose salary is charged to the program to complete time sheets that reflect an allocation of activity between various state and Federal programs or those that work on a single Federal award. Accounting personnel estimated the time spent on the grant based on employees' assigned responsibilities.

Total salary and benefit costs charged to the major and non-major programs from September 1, 2003 to December 31, 2003 was:

Federal Program		Amount Charged to the Federal Program
CFDA 83.539	$	2,536
CFDA 83.552		17,724
CFDA 93.150		21,800
CFDA 93.242		11,218
CFDA 93.243		7,317
CFDA 93.779		11,031
CFDA 93.958		365,067
CFDA 93.982		37,449
Foster Grandparent/ Senior Companion Cluster		141,888
Medicaid Cluster		2,522,332
Total	$	3,138,362

Corrective Action:

Corrective action was taken.

Reference No. 05-33

Special Tests and Provisions - Independent Peer Review

(Prior Audit Issue - 04-31 and 03-27)

CFDA 93.958 - Block Grants for Community Mental Health Services
Award year - October 1, 2003 to September 30, 2005
Award number - 04B1TXCMHS-01, 04B1TXCMHS-02 and 04B1TXCMHS-03
Type of finding - Material Weakness Control and Material Non-Compliance

Initial Year Written: 2002
Status: Implemented

U.S. Department of Health and Human Services

The United States Code, Title 42, Section 300X-53, requires the State to ensure that independent peer reviews are performed for at least five percent of the entities it funds to provide treatment services. The entities reviewed must be representative of all the entities the Department of Mental Health and Mental Retardation (MHMR) uses to provide treatment services. Peer reviewers must be independent. Therefore, MHMR must ensure reviewers do not review their own programs and the peer review is not part of the licensing or certification processes.

MHMR does not have a process to ensure that independent peer reviews of funded treatment programs are performed. MHMR's Austin-based mental health quality management teams monitor the quality and appropriateness of the clinical care provided by the Community Centers for Mental Health and Mental Retardation. However, these teams cannot conduct peer reviews because they are not independent of the entities needing review.

Corrective Action:

Corrective action was taken.

Reference No. 05-34

Cash Management

(Prior Audit Issue - 04-34 and 03-32)

Medicaid Cluster
Award year - October 1, 2003 to September 30, 2004 and October 1, 2002 to September 30, 2003
Award number - 05-0405TX5028 / 05-0405TX5048 and 05-0305TX5028 / 05-0305TX5048
Type of finding - Material Weakness Control and Material Non-Compliance

Initial Year Written: 2002
Status: Implemented

U.S. Department of Health and Human Services

31 CFR, Chapter II, Part 205, Subpart A, Negotiation of Intergovernmental Agreements for Financing Federal Assistance Programs - Interest Liabilities on Intergovernmental Funds Transfers, establishes the regulations for implementing the Cash Management Improvement Act of 1990 (CMIA). Section 205.8(c)(1) states, "if a State has actual or constructive knowledge, at any time, that a clearance pattern does not correspond to a program's clearance activity, or if the program undergoes operational changes that may affect clearance activity, the State shall…(ii) Develop a new clearance pattern and certify that it corresponds to a program's clearance activity." The Texas Comptroller of Public Accounts (Comptroller) includes in its CMIA training/update programs instructions on how the agencies should monitor for changes in their clearance patterns within the 5-year certification period.

Under the State of Texas CMIA agreement with the Department of Treasury, the majority of the Department of Mental Health and Mental Retardation's (MHMR) Federal programs subject to CMIA Subpart A provisions utilize the pre-issuance funding technique, which requires a clearance pattern. Our audit procedures for 2003 included selecting a three-month period from fiscal year 2003, calculating the clearance pattern, and comparing the calculation to the clearance pattern being utilized as part of the 2003 Statewide CMIA report. The result of the comparison between our calculated clearance pattern for fiscal year 2003 and MHMR's clearance pattern calculated from 1999 data indicated that a change in the payment patterns had taken place that warranted a revision in the clearance pattern. The fiscal year 2003 clearance pattern from our three-month sample was .61 days versus the MHMR clearance pattern calculated from 1999 data of (.12) days. Although MHMR does have a written policy in place concerning the calculation of clearance patterns for the 5-year certification period, this policy should also address periodic review of actual clearance patterns during each fiscal year in order to identify if changes in the clearance pattern have occurred.

For fiscal year 2004, we were unable to perform a similar procedure as described above due to the reorganization of the Texas health and human services agencies which was effective September 1, 2004. Therefore, we were also unable to determine if there were any questioned costs due to a change in the interest calculation. Under the reorganized structure, MHMR no longer exists and the personnel responsible for the MHMR clearance patterns were no longer employed. Per review of the certified CMIA worksheet provided to the Texas Comptroller's Office in December 2004, the (.12) days noted above from 1999 was certified as the appropriate clearance pattern for fiscal year 2004 despite the fact that the Texas State Treasury Agreement for fiscal year 2004 indicated that MHMR's five year certification period had ended August 31, 2003 and for August 31, 2004, the clearance pattern should be recalculated. MHMR did not obtain a waiver from the Department of Treasury.

Corrective Action:

Corrective action was taken.

Parks and Wildlife Department

Reference No. 05-35

Special Tests and Provisions - Assent Legislation and Diversion of License Fees

Fish and Wildlife Cluster
Award year - See below
Award number - See below
Type of finding - Reportable Condition Control and Non-Compliance

Initial Year Written: 2004
Status: Implemented

U.S. Department of Interior

A State may participate in the benefits of the Sport Fish and Wildlife program and the Wildlife Restoration program only after it has passed legislation for the conservation of fish and wildlife, including a prohibition against the diversion of license fees paid by hunters and sport fishermen to purposes other than for the administration of the fish and wildlife agency. (50 CFR section 80.3) License fees paid by hunters and fishermen, include any special license, permits, stamps, tags, or access fees. Also included are revenues for the sale, lease, or rental of items on property purchased with Federal funds, as well as the interest or dividends earned on the license revenues. (50 CFR section 80.4) Administration of the State fish and wildlife agency includes only those functions required to manage the fish and wildlife-oriented resources of the State. Law enforcement activities for predator, animal, and rodent control are not administration of the State fish and wildlife agency. (50 CFR section 80.4(b)) The Texas Parks and Wildlife Department (the Department) has received clarification from the U.S. Fish and Wildlife Service regarding this requirement. According to correspondence dated August 31, 2002, reference R2/FA Subject: Single Audit Report on the State of Texas for the fiscal year ended August 31, 2000, the Department is to submit a summary of license revenue and eligible expenditures to Region 2 Division by October 31 of each year. If the state expenditures for eligible fish and wildlife agency administration activities (as determined by Program Cost Account (PCA) codes) are equal to or exceed the annual protected revenue receipts, further documentation is not required. In the event that revenues exceed the eligible expenditures, the Department will certify that the federal fund balance (Fund 9) is sufficient to include the unexpended protected funds and that those funds will be accounted for in subsequent annual reports.

The summary of license revenues and eligible expenditures submitted for the year ended October 31, 2004, included federal and state expenditures. Only the amount of eligible expenditures that the state matched, compared to the amount of license revenue is required. Based on review of the corrected report, eligible expenditures do exceed license revenues.

The Fish and Wildlife Cluster has various subawards with different award years. The grant award numbers are: F101D-7, F101D-8, F115D-1, F117D-5, F125E-4, F125E-5, F129O-4, F130B-1, F133M-3, F136R-2, F137R-2, F139T-3, F140T-3, F141B-1, F142R-2, F142R-3, F143R-2, F143R-3, F144R-2, F144R-3, F145R-2, F145R-3, F146R-2, F146R-3, F147B-1, F148M-2, F149M-2, F150M-1, F151R-1, F153B-1, F22D-35, F30R-29, F34M-21, F34M-22, F59D-15, F82E-13, F82E-14, F90D-8, F90D-9, F91D-8F91D-9, F92D-10, F92D-11, F95D-10, F95D-11, F96D-10, F96D-11, F98D-10, F98D-11, FW15OF-9, FW18OF-1, FW19OF-4, M2TF-1, F134R-3, FW15OW-9, FW18OW-1, FW19OW-4, M2TW-1, W104SA-32, W107R-30, W122S-8, W124M-14, W124M-15, W126R-12, W126R-13, W127R-12, W127R-13, W128R-12, W129M-14, W131S-9, W132R-4, W134R-3, W134R-4, and W135M-3.

Corrective Action:

Corrective action was taken.

Department of Protective and Regulatory Services

Reference No. 04-32
Allowable Costs/Cost Principles

CFDA 93.658 - Foster Care - Title IV-E
Medicaid Cluster
Type of finding - Material Non-Compliance

Initial Year Written: 2003
Status: Implemented

U.S. Department of Health and Human Services

The Center of Medicare and Medicaid Services (CMS) of the Department of Health and Human Services (HHS) issued a report based on a review of the Quarterly Statements of Medicaid and CHIP Expenditures (CMS-64 and CMS-21) for the fourth quarter of Federal fiscal year 2003, dated January 7, 2004. Per the report, the Dallas CMS Regional Office (RO) performed a focused review of targeted case management (TCM) services rendered during the April 1, 2002 through June 30, 2002 quarter by the Texas Department of Protective and Regulatory Services (PRS). The RO review disclosed that the State claimed reimbursement from the Medicaid program for certain services performed by PRS that were, in the RO's opinion, foster care and child welfare services that should not have been billed to the Medicaid program. The RO has submitted a request to CMS Central Office for approval to defer reimbursement to the State for the $15,298,470 Federal share of TCM services claimed by PRS in the State's September 30, 2003 CMS 64 expenditure report. That deferral would remain in effect until such time as a final decision has been made by CMS regarding the findings included in that report. The RO had similarly deferred reimbursement of $15,643,852 Federal share for TCM services claimed by PRS in the State's June 30, 2003 CMS 64 expenditure report.

Corrective Action:

Corrective action was taken.

Department of Public Safety

Reference No. 05-36

Equipment and Real Property Management

CFDA 20.218 - National Motor Carrier Safety
Award year - See below
Award number - See below
Type of finding - Material Weakness Control and Non-Compliance

Initial Year Written: 2004
Status: Implemented

U.S. Department Transportation

In accordance with 92 CFR section 32, title to equipment acquired by a non-federal entity with federal awards vests with the non-federal entity. Equipment means tangible nonexpendable property, including exempt property, charged directly to the awards having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. However, lower limits may be established consistent with the non-federal entity's policies. Equipment records shall be maintained, a physical inventory of equipment taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained. The Department of Public Safety (DPS) maintains a control log of all equipment purchased to ensure each item receives an identification tag. Our test work found the following relating to the 40 equipment items selected:

- Thirty-two equipment items were not recorded to the Asset Management control log.
- Six equipment items did not have identification tags.
- Serial numbers for two equipment items were not recorded to the Asset Management System.

The National Motor Carrier Safety has multiple grant subawards and award years. During fiscal year 2004 the following grant award years and grant award numbers, respectively, were open: Award years: October 1, 2003 to September 30, 2004, September 1, 2003 to August 30, 2004, September 20, 1999 to September 30, 2003, October 1, 2002 to December 30, 2003, July 8, 2003 to July 8, 2004, October 1, 2002 to March 31, 2004, October 1, 2003 to December 31, 2004, March 31, 2004 to September 30, 2004, October 1, 2002 to September 30, 2004, April 1, 2003 to March 31, 2004, August 30, 2003 to September 30, 2004, September 30, 2002 to September 30, 2003, October 1, 2002 to September 30, 2004, October 1, 2003 to March 31, 2004; Award numbers: MB-03-48-1, CD-03-TX-1, MC-99-48-222, MC-01-48-222, MC-03-48-2, MC-03-48-1, MC-04-48-1, CD-02-48-2, BR-03-48-1, MH-03-48-1, MR-03-48-2, RB-02-48-01, BR-03-48-2, and MB-02-48-2.

Corrective Action:

Corrective action was taken.

Reference No. 05-37

Procurement and Suspension and Debarment

CFDA 20.218 - National Motor Carrier Safety
Award year - See below
Award number - See below
Type of finding - Reportable Condition Control

Initial Year Written: 2004
Status: Implemented

U.S. Department of Transportation

The Department of Public Safety (DPS) does not ensure that the vendor is not suspended and debarred. Under federal rules in effect prior to November 26, 2003, contractors receiving individual awards for $100,000 or more and all subrecipients must certify that the organization and its principals are not suspended or debarred. Effective November 26, 2003 (per the Federal Register, Vol. 68, No. 228/Wednesday, November 26, 2003/Rules and Regulations), the threshold was decreased to $25,000 and the verification may be accomplished by (1) checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity. Upon review of the EPLS, none of the nine vendors selected were found to be suspended or debarred.

The National Motor Carrier Safety grant has multiple subawards and award years. During fiscal year 2004 the following grant award years and grant award numbers, respectively, were open: Award years: October 1, 2003 to September 30, 2004, September 1, 2003 to August 30, 2004, September 20, 1999 to September 30, 2003, October 1, 2002 to December 30, 2003, July 8, 2003 to July 8, 2004, October 1, 2002 to March 31, 2004, October 1, 2003 to December 31, 2004, March 31, 2004 to September 30, 2004, October 1, 2002 to September 30, 2004, April 1, 2003 to March 31, 2004, August 30, 2003 to September 30, 2004, September 30, 2002 to September 30, 2003, October 1, 2002 to September 30, 2004, October 1, 2003 to March 31, 2004; Award numbers: MB-03-48-1, CD-03-TX-1, MC-99-48-222, MC-01-48-222, MC-03-48-2, MC-03-48-1, MC-04-48-1, CD-02-48-2, BR-03-48-1, MH-03-48-1, MR-03-48-2, RB-02-48-01, BR-03-48-2, and MB-02-48-2.

Corrective Action:

Corrective action was taken.

Reference No. 05-38

Allowable Costs/Cost Principles
Cash Management

CFDA 20.218 - National Motor Carrier Safety
Award year - See below
Award number - See below
Type of finding - Material Weakness Control and Material Non-Compliance

Allowable Costs:

Initial Year Written: 2004
Status: Partially Implemented

U.S. Department of Transportation

Per OMB Circular A-87, attachment B, section 8H, support of salaries and wages, where employees are expected to work on multiple activities or cost objectives, a distribution of their salaries and wages will be supported by personnel activity reports or equivalent documentation which:

- Reflect an after-the-fact distribution of the actual activity of each employee,
- Account for the total activity for which each employee is compensated,
- Are prepared at least monthly and coincide with the pay period,

- Are signed by the employee, and
- Budget estimates before the services are performed do not qualify as support for charges to Federal awards but may be used for interim purposes provided that at least quarterly, comparisons of actual costs to budgeted amounts are made and any adjustments are reflected in the amounts billed to the Federal program. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent.

Two of 24 personnel activity reports did not agree to the federal reimbursement request amount. Fourteen hours in excess of the time sheets was charged to the grant. These two employees were commissioned so the rate was $31.84 an hour or $446. The questioned costs relate to MB-03-48-1 and BR-03-48-1 awards. The timesheets were reviewed by the immediate supervisor and thus certified. The certified timesheets are used by grant accounting to manually update the grant expenditure spreadsheet that is used to prepare the cash reimbursement requests. Cash requests are reviewed based on the expense spreadsheets, however, there is no detailed review of the data input into the spreadsheet. Total salary and benefits charged to the grant was approximately $17,575,000.

Cash Management:

According to the Treasury-State Agreement for the State of Texas, the National Motor Carrier Safety grant is not included in Subpart A of 34 CFR, part 205, which implemented the Cash Management Improvement Act. Therefore The Department of Public Safety (DPS) should be complying with Subpart B, which applies to programs in the catalog of federal domestic assistance that are not subject to Subpart A. These standards state that "cash advances to a State shall be limited to the minimum amounts needed and shall be timed to be in accord only the actual, immediate cash requirement of the State in carrying out a program or project. The timing and amount of cash advances shall be as close as is administratively feasible to the actual cash outlay by the State for direct program costs and the proportionate share of allowable indirect costs. Neither a State nor the Federal government will incur an interest liability on the transfer of funds for a program subject to this Subpart." The expense spreadsheets discussed above are to be reconciled to the general ledger on a monthly basis. Sixteen reconciliations were reviewed and none of them agreed to the general ledger. Reconciliations appear to have been done at year-end only in conjunction with the preparation of the schedule of federal expenditures. Thirty expenditures were reviewed and it was determined that the invoice or payroll was paid prior to reimbursement request.

The National Motor Carrier Safety grant has multiple subawards and award years. During fiscal year 2004 the following grant award years and grant award numbers, respectively, were open: Award years: October 1, 2003 to September 30, 2004, September 1, 2003 to August 30, 2004, September 20, 1999 to September 30, 2003, October 1, 2002 to December 30, 2003, July 8, 2003 to July 8, 2004, October 1, 2002 to March 31, 2004, October 1, 2003 to December 31, 2004, March 31, 2004 to September 30, 2004, October 1, 2002 to September 30, 2004, April 1, 2003 to March 31, 2004, August 30, 2003 to September 30, 2004, September 30, 2002 to September 30, 2003, October 1, 2002 to September 30, 2004, October 1, 2003 to March 31, 2004; Award numbers: MB-03-48-1, CD-03-TX-1, MC-99-48-222, MC-01-48-222, MC-03-48-2, MC-03-48-1, MC-04-48-1, CD-02-48-2, BR-03-48-1, MH-03-48-1, MR-03-48-2, RB-02-48-01, BR-03-48-2, and MB-02-48-2.

Recommendation:

DPS should reconcile the expense spreadsheets to the general ledger on a monthly basis. These reconciliations should be reviewed by someone other than the preparer on a timely basis.

Management Response and Corrective Action Plan – Allowable Costs 2004:

DPS concurs with the above finding. We found that the two employee's reports not matching the supporting documentation related to human error from manual reporting procedures. Although the amounts involved were immaterial (approximately $70) and within acceptable margins of error we are taking steps to implement a reporting system directly from the electronic database where this information is keyed to avoid the same type of human error on future reports.

Implementation Date: *September 1, 2005*

Responsible Person: *Major Mark Rogers*

Management Response and Corrective Action Plan – Allowable Costs 2005:

DPS concurs with the above finding. We found that the one employee's reports did not match the supporting documentation. This difference is attributable to human error from manual reporting procedures. We are taking steps to implement a reporting system were all source documents will be reported in an electronic format so we can avoid the same type of human error on future reports.

Implementation Date: *May 1, 2006*

Responsible Person: *Major Mark Rogers*

Management Response and Corrective Action Plan – Cash Management 2004:

DPS concurs with the finding above. We are implementing new procedures and hiring additional personnel to address the issues identified above.

Implementation Date: *June 30, 2005*

Responsible Person: *Doug Noren*

Management Response and Corrective Action Plan – Cash Management 2005:

DPS concurs with the finding above. The attempts to hire personnel solely responsible for the reconciliation process were not successful. Management has decided to restructure the department and add the additional responsibilities of reconciliations to the six Grant Accountants. The Accountants will have one set of assigned programs they will be responsible for auditing and billing. A separate set of programs will require reconciling to the internal accounting system (MSA) and the Uniform State Wide Accounting System (USAS). The reclassification for this job function change is currently in the Human Resources Department pending approval.

Implementation Date: *June 2006*

Responsible Person: *Janet L. Espinosa*

Texas Engineering Extension Service

Reference No. 05-42
Subrecipient Monitoring

Major Programs:

State Domestic Preparedness Equipment Support Program Cluster
Award year - August 1, 2002 to April 30, 2005, April 1, 2003 to March 31, 2005, and December 1, 2003 to November 30, 2005
Award number - 2002-TE-CX-0116, 2003-TE-TX-0174, and 2004-GE-T4-0015

State and Local Domestic Preparedness Training Program Cluster
Award year - May 1, 2003 to April 30, 2005
Award number - 2003-MU-T3-0020

Non-major Programs:

Urban Areas Security Initiative Cluster
Type of finding - Material Weakness Control and Material Non-Compliance

Initial Year Written: 2004
Status: Partially Implemented

U.S. Department of Justice

U.S. Department of Homeland Security

The Texas Engineering Extension Service (TEEX) 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. Some of these regulations are to identify to the subrecipient the Federal award information and applicable compliance requirements, obtain certifications from subrecipients stating they are not suspended or debarred, and ensure required A-133 audits are performed and the subrecipient takes prompt corrective action on any audit findings.

TEEX's subrecipient awarding and monitoring procedures include a standardized subaward agreement, risk assessment process, technical assistance and financial monitoring. According to OMB Circular A-133, TEEX must identify the following Federal award information to the subrecipients: CFDA title and number, award name, name of Federal agency, and applicable compliance requirements (e.g., allowable costs, cash management basis, equipment monitoring, period of availability, reporting, procurement, suspension and debarment certification from both the subrecipients and for purchases made/subawards granted from vendors by the subrecipients). For awards granted before November 26, 2003, TEEX must also obtain either through a clause in the agreement or a separate certification form completed by the subrecipients, the subrecipient's certification that it is not suspended and debarred. For awards granted after November 26, 2003, TEEX must either (a) include the certification clause in the award agreement, (b) obtain written certification, or (c) verify compliance by checking the *Excluded Parties List System (EPLS),* maintained by the General Services Administration). Additionally, TEEX must assure that subrecipients expending Federal funds in excess of $300,000 ($500,000 for fiscal years ending after December 31, 2003) have an OMB Circular A-133 Single Audit performed and provide a copy to TEEX, which should include any necessary management corrective actions. TEEX is then required to issue a management decision within six months of receipt of the report and to follow up on the subrecipients planned corrective action.

TEEX passes through a significant amount of Federal funds to subrecipients. During fiscal year 2004 there were approximately 743 subrecipients that received Homeland Security funds from TEEX. The following were noted regarding subrecipient monitoring:

For the State and Local Domestic Preparedness Equipment Support Program Cluster, a sample of 30 subrecipients was selected. Total State and Local Domestic Preparedness Equipment Support Program Cluster funding for subrecipients during fiscal year 2004 was $19,170,227.

- In 17 of those 30 samples, TEEX did not include the CFDA number in the standard contract.
- In 4 of those 30 samples, TEEX did not include the CFDA title and number, award name, amount and period, or the following compliance requirements: allowable costs, cash management basis, equipment monitoring, period of availability, reporting, procurement, suspension and debarment certification for purchases made/subawards granted to vendors by the subrecipients.

- In 2 of those 30 samples, TEEX could not locate the subrecipient agreements. TEEX indicated that they could not locate a total of 16 subrecipient agreements, which were in place and active during fiscal year 2004.
- In 30 of those 30 samples, TEEX did not receive OMB Circular A-133 reports from these subrecipients. In addition, TEEX did not receive or monitor OMB Circular A-133 reports for any of the 416 subrecipients awarding CFDA 16.007 funds.
- In 30 of those 30 samples (23 issued prior to and seven issued subsequent to November 26, 2003), TEEX did not ensure the subrecipient was not suspended or debarred. This requirement was not performed for any of the 416 subrecipients awarded CFDA 16.007 funds.

For State and Local Domestic Preparedness Training Program Cluster, a sample of 30 subrecipients was selected. The State and Local Domestic Preparedness Training Program Cluster funding for subrecipients during fiscal year 2004 was $21,459,613.

- In 22 of those 30 samples, TEEX did not include the CFDA number in the standard contract.
- In 8 of those 30 samples, TEEX informed the subrecipient of the incorrect CFDA number.
- In 30 of those 30 samples, TEEX did not receive OMB Circular A-133 reports from these subrecipients. In addition, TEEX did not receive or monitor OMB Circular A-133 reports for any of the 223 subrecipients awarded CFDA 16.008 funds.
- In 30 of those 30 samples (all issued prior to November 26, 2003), TEEX did not ensure the subrecipient was not suspended and debarred. This requirement was not performed for any of the 223 subrecipients awarded CFDA 16.008 funds.

In addition to the two programs noted above, TEEX's State Administration Agency (SAA) also handles subrecipient monitoring for Homeland Security funding paid to 104 subrecipients under the Urban Areas Security Initiative (UASI). As a result of SAA also monitoring UASI's subrecipients, the findings noted above are extended to the funds expended for UASI during fiscal year 2004.

Total payments to subrecipients charged to the major and non-major programs for fiscal year 2004 were:

Federal Program		Amount Charged to the Federal Program
CFDA 16.007	$	18,989,516
CFDA 97.004		180,711
CFDA 16.008		21,459,613
CFDA 16.011		184,875
CFDA 97.008		223,881
Total	$	41,038,596

Corrective Action:

This finding was reissued as current year reference number: 06-38.

Texas Workforce Commission

Reference No. 05-66
Reporting

CFDA 17.245 - Trade Adjustment Assistance
Award year - October 1, 2003 to September 30, 2004
Award number - TA-13523-04-55
Type of finding - Reportable Condition Control and Non-Compliance

Texas Workforce Commission (TWC) is required to submit the special report, ETA 563, *Quarterly Determinations, Allowance Activities and Reemployment Services Under the Trade Act (OMB No. 1205-0016)* on a quarterly basis. The report includes details of the quarterly activities for each petition in the state (20 CFR section 617.57; 29 CFR section 97.40).

Initial Year Written: 2004
Status: Implemented

U.S. Department of Labor

Upon examination of the December 2003 ETA563 report, it was noted the overpayment amount for petition number T0041377 did not include the "op-wlfl-amt" data field. This field represents the amounts that were determined to have been overpaid due to fraud committed on behalf of the recipient. It was determined that the system query designed to pull the overpayment data from the unemployment database was not properly designed to include this field. TWC determined that the following amounts were omitted from the respective quarterly reports filed during fiscal year 2004:

- September 2003 - None
- December 2003 - $1,024
- March 2004 - $7,921
- June 2004 - None

Corrective Action:

Corrective action was taken.

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Summary Schedule of Prior Year Audit Findings - Other Auditor

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 2004 Schedule of Findings and Questioned Costs
- Each finding in the 2004 Summary Schedule of Prior Audit Findings that was not identified as implemented or reissued as a current year finding

This section of the Summary Schedule of Prior Audit Findings for the year ended August 31, 2005 has been audited by other auditors.

Angelo State University

Reference No. 05-01
Special Tests and Provisions - Disbursements To or On Behalf of Students

Student Financial Assistance Cluster
Award year - July 1, 2003 to June 30, 2004
Award number - CFDA 84.038, P037Y033956 and not applicable for CFDA 84.032
Type of finding - Reportable Condition Control and Material Non-Compliance

Initial Year Written: 2004
Status: Implemented

U.S. Department of Education

If an institution credits a student's account at the institution with Perkins (FPL) or Family Education (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account at the institution, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right, or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement on FFEL only applies if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronic (34 CFR 668.165).

Angelo State University did not send out notifications to FFELP or FPL recipients who were eligible to receive the loans. Angelo State University does provide the students with their disbursement calendar for the award year and indicates on the award letter their right to cancel all or a portion of the loan. Per the schedule of Federal awards for the year ended August 31, 2004, approximately $14,022,000 FFELP awards and approximately $86,000 FPL awards were disbursed and notifications were not sent.

Corrective Action:

Corrective action was taken.

Comptroller of Public Accounts

Reference No. 05-27
Reporting
Type of finding - Reportable Condition Control

Initial Year Written: 2004
Status: Implemented

U.S. Department of Health and Human Services

The Comptroller of Public Accounts (CPA) is the designated state agency responsible for the preparation of the consolidated statewide schedule of federal expenditures (CSEFA). The CPA sets the reporting deadlines for the individual state agencies and universities and establishes the state wide reporting requirements for the annual financial reporting package (AFR). The CPAs consolidation process does include an automated element that verifies the current year clusters based on a table of valid clusters that is updated each year based on the respective compliance supplement. During the review of the CSEFA, the CPA does ensure all the applicable state agencies and universities have submitted their AFR, the CPA ensures the interagency/university transactions balance, and the CPA reconciles federal expenditures to federal revenues. The CPA is not responsible for the processing of the individual agency and university transactions or specific program compliance.

Audit procedures performed on the CSEFA revealed the following items requiring correction:

- The Texas A&M Research Foundation (the Foundation) was determined in prior years to have a vendor relationship with the other state components. The Foundation is a component unit that is excluded from the CSEFA as they are subject to a separate OMB Circular A-133 audit. However, the other state agencies do report to the CPA the receipt of funds from the Foundation that requires the CPA to remove these vendor transactions during the consolidation process. During the removal of these transactions for fiscal year 2004, the CPA also removed approximately $1.1 million of direct expenditures that should be included in the CSEFA. This amount represents the federal revenue received by the other state agencies and given to the Foundation. The policy established in the previous years was to show these funds as direct expenditures of the respective state agencies.
- The amount for CFDA 21.000, state fiscal relief block grant, was under reported by approximately $51 million. The CPA made an adjustment to record the expenditure of these funds during the consolidation process.
- The CPAs table of clusters does not include the 52 Department of Homeland Security designated clusters. Also the clusters listing included the Job Training and Partnership Cluster which is no longer a valid cluster.
- The CSEFA includes a few transactions that do not have an identifying catalog of federal domestic assistance (CFDA) number.

During the performance of test work on the individual agency and university SEFAs (schedule 1a in the AFR), we noted the following:

- The University of Texas at Austin historically has had submission issues with their AFR that results in the research and development cluster (R&D) not transmitting as a cluster. Approximately $251 million of expenditures were incorrectly not clustered as R&D in the CSEFA.
- A review of the activities of the A&M system components was conducted in prior years to determine which sites had R&D expenditures versus training grants. Texas Engineering Extension Service had expenditures of approximately $85 million which were incorrectly shown as R&D.
- The interagency balancing process performed by the CPA did not note that approximately $13 million of the Medicaid cluster funds was presented as CFDA 93.667 and 93.558 instead of 93.777 and 93.778, respectively.
- The Parks and Wildlife Department was preparing their SEFA based on federal revenues received instead of federal expenditures. The net adjustment was immaterial to the CSEFA.

- The Department of Aging, Office of Rural Community Affairs, and Texas Education Agency estimated their federal expenditure accruals based on award amounts outstanding instead of expected federal expenditures to be claimed for services provided before August 31, 2004. Federal expenditures were over stated by approximately $335 million. Total net negative federal expenditures included in the CSEFA are approximately $11 million, representing the reversal of prior year accruals.
- Texas Engineering Extension Service did not separate or record their federal expenditures between the various homeland security CFDA numbers. The net adjustment was to increase expenses by approximately $514,000.
- Two universities that were audited did not show their student loans disbursed of approximately $7 million as current year federal expenditures in their SEFAs and one of the universities did not report the outstanding amount of Federal Perkins Loans of approximately $12 million in the footnotes to their SEFA. An analysis of all universities noted two additional universities that did not report the outstanding amount of Federal Perkins Loans of approximately $9 million and two more universities that did not report their current year loan disbursements in their respective SEFAs. The outstanding amount of loans is necessary for footnote preparation.
- The instructions to footnote three include a notation to indicate the use of any external service organization (ESO); however, during the performance of audit procedures, three schools indicated the use of an ESO and two of them did not include the information in the footnote.

Corrective Action:

Corrective action was taken.

Stephen F. Austin State University

Reference No. 05-40

Reporting - Pell Payment Data

Student Financial Assistance Cluster - Pell Grant Program
Award year - July 1, 2003 to June 30, 2004
Award number - 073894727
Type of finding - Reportable Condition Control and Non-Compliance

Initial Year Written: 2004
Status: Implemented

U.S. Department of Education

Schools submit Pell origination records and disbursement records to the Common Origination and Disbursement (COD) System. Origination records can be sent well in advance of any disbursements, as early as the school chooses to submit them for any student the school reasonably believes will be eligible for a payment. A school follows up with a disbursement record for that student no more than 30 days before a disbursement is to be paid. Institutions must report student payment data within 30 calendar days after the school makes a payment; or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data. Schools may do this by reporting once every 30 calendar days, bi-weekly, weekly or may set up their own system to ensure that changes are reported in a timely manner (34 CFR 690.83).

For the award year 2003-2004, Stephen F. Austin State University (the University) had procedures to submit the origination and disbursement records submission. These procedures were not adhered to in a timely manner due to employee resource limitations. Seven disbursements of 30 selected for review were not submitted within 30 days of disbursement. We did note that the required data elements for both disbursement and origination records are properly included in the transmission files. Our audit procedures included a query of the University's 2003-2004 Pell reporting information. Through this procedure, we determined that approximately $9,395,000 was not reported within 30 days.

Corrective Action:

Corrective action was taken. The last sentence of this finding was incorrect and should have read "Total Pell payments for the University were approximately $9,395,000 for the 2003-2004 award year."

Reference No. 05-41

Special Tests and Provisions - Disbursements To or On Behalf of Students

Student Financial Assistance Cluster
Award year - July 1, 2003 to June 30, 2004
Award number - not applicable to FFELP loans
Type of finding - Reportable Condition Control and Non-Compliance

Initial Year Written: 2004
Status: Implemented

U.S. Department of Education

Institutions may not disburse or deliver the first installment of a Federal Family Education Loan (FFELP) to first year undergraduates who are first time borrowers until 30 days after the student's first day of classes (34 CFR 668.164). One of the students in the sample of 30 selected for disbursement test work was an undergraduate, first time borrower and received their funds on August 28, 2003 instead of 30 days after the start of classes, October 1, 2003. The student was eligible to receive the loan.

Loan funds provided by electronic transfer or master check may not be requested from the lender earlier than: 27 days after the first day of classes of the first payment period for a first-time undergraduate borrower or 13 days before the first day of classes for any subsequent payment period. For the student noted above, the funds should have been requested on September 29, 2003 instead of August 28, 2003.

Stephen F. Austin State University indicates undergraduate first time borrowers within each student record by manually populating the first time borrower data field. For the award year 2003-2004, the University disbursed approximately $34,016,000 of FFELP loans.

Corrective Action:

Corrective action was taken.

Texas A&M University - Corpus Christi

Reference No. 04-42

Special Tests and Provisions - Student Status Changes

Student Financial Assistance Cluster
Type of finding - Material Weakness Control and Material Non-Compliance

Initial Year Written: 2003
Status: Partially Implemented

U.S. Department of Education

Under the Federal Family Education Loan programs, schools must complete and return within 30 days of receipt the Roster File sent by the National Student Loan Data System (NSLDS) (OMB No. 1845-0035). The Roster File is transmitted electronically. The institution determines how often it receives the Roster File, but the minimum is twice a year. Once received, the institution must correct and submit any changes electronically. Unless the school expects to complete its next Roster File within 60 days, the school must notify NSLDS within 30 days, if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis (34 CFR section 682.610). Per the NSLDS reporting guide, schools are recommended to report a minimum of five times an academic year. Also if the next enrollment report roster file is not scheduled within 60 days of a student status change, then the school must submit an ad hoc report or update the student records online.

For the award year 2002-2003, Texas A&M Corpus Christi set up four enrollment reporting cycles with NSLDS. The four dates selected are September 2, 2002, November 1, 2002, February 3, 2003, and April 1, 2003. One of the four rosters was returned to NSLDS in 45 days instead of the required 30 days. Also for 7 of the 30 students reviewed, their respective change in status was not reporting to NSLDS within 30 days or included in a roster file update within 60 days. There were no questioned costs as the changes in status were reported in adequate time to transfer the student from in-school to grace to repayment status.

Management Response and Corrective Action 2003:

We are currently submitting SSCR reports September 1, November 1, February 1 and April 1. Due to the time lapse between SSCR reporting cycles, we created a report to identify students who withdrew after the last SSCR submission during the months of November, December, April and May. The enrollment status for these students will be manually updated in NSLDS. The students who graduate in May will also be manually updated in NSLDS.

Management Response and Corrective Action 2004:

Texas A&M Corpus Christi (TAMUCC) continued to receive four SSCR reports from NSLDS on September 1, November 1, February 1 and April 1. Reports were submitted back to NSLDS within 30 days of receipt. Additionally, TAMUCC prepared and manually submitted ad hoc reports to the NSLDS during the months of November, December, April and May to adequately capture students whose enrollment status changed. Three students with status changes more than 60 days before the April 20, 2004 submission were not reported to the NSLDS on an ad hoc report within the required 30 days of change due to a misunderstanding of the regulations by TAMUCC. TAMUCC will continue to monitor student status changes during the months of November, December, April and May and prepare ad hoc reports where necessary to ensure student status changes are reported within 60 days of the next SSCR report submission.

Management Response and Corrective Action 2005:

Texas A&M Corpus Christi (TAMUCC) continues to receive four SSCR reports from NSLDS on September 1, November 1, February 1 and April 1. Reports are then submitted back to NSLDS within 30 days of receipt. During the months of November, December, April and May, TAMUCC prepares ad hoc reports to identify changes to student status and reports these changes manually through NSLDS.

Implementation Date: March 2005

Responsible Person: Tracie Perez

Reference No. 04-43

Reporting - Pell Payment Data

Student Financial Assistance Cluster
Type of finding - Reportable Condition Control and Non-Compliance

Initial Year Written: 2003
Status: Implemented

U.S. Department of Education

Schools submit Pell origination records and disbursement records to the Common Origination and Disbursement (COD) System. Origination records can be sent well in advance of any disbursements, as early as the school chooses to submit them for any student the school reasonably believes will be eligible for a payment. A school follows up with a disbursement record for that student no more than 30 days before a disbursement is to be paid. Institutions must report student payment data within 30 calendar days after the school makes a payment; or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data. Schools may do this by reporting once every 30 calendar days, bi-weekly, weekly or may set up their own system to ensure that changes are reported in a timely manner. (34 CFR 690.83)

For the award year 2002-2003, Texas A&M Corpus Christi did not submit their first Pell disbursement report until October 8, 2002 due to the delayed implementation of changes to the SIS+ Application for Pell reporting. Initial Pell disbursements in August 2002 were not reported until October 2002, which is in excess of the 30-day reporting requirement. In addition, during the award year Texas A&M Corpus Christi's procedures to review and correct rejected origination records were not adhered to in a timely manner due to inadequate staffing. This resulted in additional delays in the submission of disbursement records. We did note that the required data elements for both disbursement and origination records are properly included in the transmission files. Our audit procedures included a query of Texas A&M Corpus Christi's 2002-2003 Pell reporting information. Through this procedure we determined that $2,497,167 (43% of total Pell disbursements) were not reported within 30 days.

Corrective Action:

Corrective action was taken.

Texas State University

Reference No. 05-43

Special Tests and Provisions - Borrower Data Transmission and Reconciliation (Direct Loan)

Student Financial Assistance Cluster
Award year - July 1, 2003 to June 30, 2004
Award number - not applicable to Direct loans
Type of finding - Material Weakness Control and Material Non-Compliance

Initial Year Written: 2004
Status: Implemented

U.S. Department of Education

Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) via the Common Origination and Disbursement (COD) within 30 days of disbursement (*OMB 1845-0021*). Each month, the COD 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 school) Loan Detail records. The school is required to reconcile these files to the institution's financial records. Since up to three Direct Loan program years may be open at any given time, schools may receive three SAS data files each month (34 CFR sections 685.102(b), 685.301, and 303).

Texas State University did not maintain the reconciliations performed from September 2003 to March 2004. The reconciliations from April to August 2004 were maintained and available for test work. Also, someone other than the preparer does not review the reconciliations. Texas State University disbursed approximately $53,846,000 direct loans during fiscal year 2004.

Corrective Action:

Corrective action was taken.

Reference No. 05-44

Special Tests and Provisions - Disbursements To or On Behalf of Students

Student Financial Assistance Cluster
Award year - July 1, 2003 to June 30, 2004
Award number - Not applicable for CFDA 84.038, P038A04 for CFDA 84.032
Type of finding - Reportable Condition Control and Non-Compliance

Initial Year Written: 2004
Status: Implemented

U.S. Department of Education

If an institution credits a student's account at the institution with Perkins (FPL) or Family Education (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account at the institution, the institution must notify the student, or parent of (1) the date and amount of the disbursement, (2) the student's right, or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement on FFEL only applies if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronic (34 CFR 668.165).

Texas State University was unaware of the regulation and did not send notifications to either FFELP or FPL recipients. Per the schedule of Federal awards for the year ended August 31, 2004, approximately 830 students with FFELP awards of approximately $1,207,000 and approximately 20 parents with FPL awards of approximately $45,000 were disbursed and notifications were not sent.

When a school receives Federal Family Education (FFEL) loans from a lender by electronic funds transfer or master check, the school usually must credit the student's accounts or issue a direct payment to the eligible student within 3 business days. If a school expects a student who is temporarily ineligible to become eligible for payment in the immediate future, the school has an additional 10 business days to disburse the funds. In effect, the school can wait 13 days after receipt of the EFT or master check to pay a student who is expected to regain eligibility during the 10-day window. In addition, a school must return FFEL funds that it does not disburse by the end of the 13 days promptly to the lender but no later than 10 business days from the last day allowed for disbursement. However, if a student becomes eligible to receive the FFEL funds during the return period, the school may disburse the funds. (34 CFR 668.167)

For one of 30 students, the student was preregistered for the Summer I session and did not enroll, but the student did enroll in the Summer II session. Texas State University did not return the loan funds for Summer I session and held them more than 23 working days to disburse for the Summer II session. University had knowledge that the student would be in the Summer II session and was not aware they could not hold the funds.

Corrective Action:

Corrective action was taken.

Reference No. 05-45

Special Tests and Provisions - Student Status Changes

Student Financial Assistance Cluster
Award year - July 1, 2003 to June 30, 2004
Award number - not applicable for FFELP loans
Type of finding - Reportable Condition Control and Material Non-Compliance

Initial Year Written: 2004
Status: Implemented

U.S. Department of Education

Under the Federal Family Education Loan programs, schools must complete and return within 30 days of receipt the Roster File sent by the National Student Loan Data System (NSLDS) (OMB No. 1845-0035). The Roster File is transmitted electronically. The institution determines how often it receives the Roster File, but the minimum is twice a year. Once received, the institution must correct and submit any changes electronically. Unless the school expects to complete its next Roster File within 60 days, the school must notify NSLDS within 30 days, if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis (34 CFR section 682.610). Per the NSLDS reporting guide, schools are recommended to report a minimum of five times an academic year. Also if the next enrollment report roster file is not scheduled within 60 days of a student status change, then the school must submit an ad hoc report or update the student records online.

Texas State University may work directly with NSLDS or the National Student Clearinghouse (NSC). Texas State University has elected to utilize the services of NSC. There are instances where the registrar's office makes modifications to certain students' records before and/or after the dates that the student financial aid office reports to NSC. These modifications include cases where students were "originally" not meeting the required graduation requirements. Eventually, the students did graduate and their records were manually modified to present the correct status (i.e., graduated and graduation date). However, these changes were done after the date Texas State University reported to NSC and these changes in the students' status were not properly reported to the NSC and NSLDS. Some students were reported to the NSC with the wrong enrollment status while other students were not reported within the required timeframe. In our sample of 30 students with status changes, seven were not reported correctly to NSC.

Corrective Action:

Corrective action was taken.

University of Houston

Reference No. 05-46
Special Tests and Provisions - Student Status Changes
(Prior Audit Issue - 04-49)

Student Financial Assistance Cluster
Award year - July 1, 2003 to June 30, 2004
Award number - not applicable for FFELP loans
Type of finding - Reportable Condition Control and Material Non-Compliance

Initial Year Written: 2003
Status: Implemented

U.S. Department of Education

Under the Federal Family Education Loan programs, schools must complete and return within 30 days of receipt the Roster File sent by the National Student Loan Data System (NSLDS) (OMB No. 1845-0035). The Roster File is transmitted electronically. The institution determines how often it receives the Roster File, but the minimum is twice a year. Once received, the institution must correct and submit any changes electronically. Unless the school expects to complete its next Roster File within 60 days, the school must notify NSLDS within 30 days, if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis (34 CFR section 682.610). According to the NSLDS reporting guide, it is recommended that schools report a minimum of five times an academic year. Also if the next enrollment report roster file is not scheduled within 60 days of a student status change, then the school must submit an ad hoc report or update the student records online.

For the award year 2003-2004, the University of Houston did not submit seven out of 40 students tested for student status changes to the NSLDS within the required timeframe. All seven students were graduates. The University of Houston has had software issues trying to develop a patch to correctly record the graduation status dates. This patch was still in the development stage during the fiscal year, and no additional check was performed to ensure graduate students' status changes were reported timely. For the award year 2003-2004, the University disbursed approximately $107,026,000 of FFELP loans.

Corrective Action:

Corrective action was taken.

Reference No. 05-47
Reporting - Pell Payment Data
(Prior Audit Issue - 04-48)

Student Financial Assistance Cluster
Award year - July 1, 2003 to June 30, 2004
Award numbers - CFDA 84.063, P063P032333
Type of finding - Reportable Condition Control and Non-Compliance

Pell Payment Data -

Initial Year Written: 2003
Status: Partially Implemented

U.S. Department of Education

The federal regulation (34 CFR section 690.83) states "the Secretary accepts a student's payment date that is submitted in accordance with procedures established through publication in the Federal Register, and that contain the information the Secretary considers to be accurate in light of other available information including that previously provided by the student and the institution." Also the March 10, 2004 Federal Register (Vol. 69, Num. 47) includes the following, "We consider that federal Pell grant funds are disbursed on the earlier of the date that the institution: (a) credits those funds to a student's account in the institution's general ledger or any sub ledger of the general ledger, or (b) pays those funds to a student directly. We consider that federal Pell grant funds are disbursed even if an institution uses its own funds in advance or receiving program funds from the Department (34 CFR 668.164(a)). An institution's failure to submit disbursement records within the required 30-day timeframe may result in an audit or program review finding."

For the award year 2003-2004, we found that the disbursement date in the disbursement records was actually the date the record was reported to the U.S. Department of Education instead of the date the award was disbursed to the student. The software was programmed incorrectly to use the incorrect data field in the disbursement record file. Total Pell disbursed for the award year was approximately $22,979,000.

Corrective Action:

This finding was reissued as current year reference number: 06-52.

Reference No. 05-48

Special Tests and Provisions - Disbursements To or On Behalf of Students

Student Financial Assistance Cluster
Award year - July 1, 2003 to June 30, 2004
Award number - Not applicable for CFDA 84.032 or 84.038
Type of finding - Reportable Condition Control and Non-Compliance

Initial Year Written: 2004
Status: Implemented

U.S. Department of Education

If an institution credits a student's account at the institution with Perkins (FPL) or Family Education (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account at the institution, the institution must notify the student, or parent of (1) the date and amount of the disbursement, (2) the student's right, or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement on FFEL only applies if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronic (34 CFR 668.165).

The University of Houston did not send notifications to FPL recipients for the Fall 2003 semester. For the Spring and Summer 2004 semesters, the University of Houston sent out letters for FPL students at the beginning of each semester informing the students of the students right to cancel all or a portion of that loan within 30 days of the semester's start date. Additionally, the letters included the date and amount of disbursement. For the award year 2003-2004, the University of Houston disbursed approximately $1,161,000 of FPL for the Fall 2003 semester.

Corrective Action:

Corrective action was taken.

Reference No. 05-49

Special Tests and Provisions - Return of Title IV Funds

Student Financial Assistance Cluster
Award year - July 1, 2003 to June 30, 2004
Award numbers - CFDA 84.063, P063P032333 and not applicable for CFDA 84.032 or 84.038
Type of finding - Material Weakness Control and Material Non-Compliance

Initial Year Written: 2004
Status: Implemented

U.S. Department of Education

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs as outlined in this section and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is greater than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (34 CFR sections 668.22(a)(1)-(3)). Returns of Title IV funds are required to be deposited to the student financial aid (SFA) accounts or returned to the appropriate FFEL lender within 30 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 30 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 45 days after the date the institution determined that the student withdrew (*Federal Register*, November 1, 2002 (67 CFR 67074).

For the award year 2003-2004, the University of Houston did not submit 12 out of 30 student returns of Title IV funding back to their respective lenders (or into the SFA accounts) within the required timeframe.

Title IV funding was not calculated or returned within a timely manner due to a program error. For the award year 2003-2004, the University disbursed approximately $102,652,000, $2,322,000 and $23,017,000 of FFEL, FPL and Pell, respectively.

Corrective Action:

Corrective action was taken.

University of North Texas

Reference No. 05-50

Special Tests and Provisions - Disbursements To or On Behalf of Students

(Prior Audit Issue - 04-51)

Student Financial Assistance Cluster
Award year - July 1, 2003 to June 30, 2004
Award number - Not applicable for 84.032 or 84.038
Type of finding - Reportable Condition Control and Material Non-Compliance

Initial Year Written: 2003
Status: Partially Implemented

U.S. Department of Education

If an institution credits a student's account at the institution with Perkins (FPL) or Family Education (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student's account at the institution, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right, or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement on FFEL only applies if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronic (34 CFR 668.165).

The University of North Texas runs a program that extracts FFELP borrowers from the Billing Receivable System. From that query, which occurs after disbursements, email notifications are sent out to students with FFELP or FPL disbursements notifying them of the date and amount of disbursement and the right to cancel. If the University of North Texas does not have an active email address for a student, then the student is mailed the notification. These notifications are automatically tracked on the comments screen for each student. Before September 2003, the comment screen was not always automatically updated when a notification was sent, especially if the notification was sent by mail. Corrective action was initiated subsequent to the 2003 single audit, however the summer and fall 2003 disbursements had already been made. In our sample of 30 students for the 2003-2004 award year, 22 had no indication on the comment screen that a notification had been sent for one or more of their FFELP disbursements relating to the summer or fall of 2003. In addition, per review of the listings of notifications sent by mail, none of these students were noted as being on the mailing list. Total FFELP disbursed for the fall and summer terms of 2003 were $44,527,359, along with $6,275,582 of FPL.

Corrective Action:

This finding was reissued as current year reference number: 06-59.

University of Texas at Austin

Reference No. 05-51
Eligibility

Student Financial Assistance Cluster
Award year - July 1, 2003 to June 30, 2004
Award number - CFDA 84.007, P007A034173; CFDA 84.033, P033A034173; CFDA 84.038, P038A034173; CFDA 84.063, P063P032336
Type of finding - Non-Compliance

Initial Year Written: 2004
Status: Implemented

U.S. Department of Education

The determination of student financial aid award amounts is based on financial need. Financial need is generally defined as the student's cost of attendance (COA) minus financial resources reasonably available. For Title IV programs, the financial resources available is generally the Expected Family Contribution (EFC) that is computed by the central processor and included on the student's SAR and the 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 (FPL, FWS, and FSEOG, 34 CFR sections 673.5 and 673.6; FFEL, 34 CFR section 682.603; Direct Loan, 34 CFR section 685.301; HPSL, 42 CFR section 57.206; NSL, 42 CFR section 57.306(b)).

Two students of 30 selected for eligibility test work were over awarded aid in the amounts of $386 and $447 respectively. The over awards occurred in the area of professional judgment, where additional budget was provided to each student but the amounts were not correctly input into the system by the counselors. Mitigating controls do exist with regard to maximum amount tables precluding students from receiving more than the allowable amounts for each type of assistance. Total student financial aid awarded was approximately $227,271,000 of which approximately $111,805,000 related to unsubsidized and PLUS loans.

Corrective Action:

Corrective action was taken.

Reference No. 05-52
Special Tests and Provisions - Institutional Eligibility
(Prior Audit Issue - 04-58)

Student Financial Assistance Cluster
Award year - July 1, 2003 to June 30, 2004
Award number - CFDA 84.007, P007A034173; CFDA 84.033, P033A034173; CFDA 84.038, P038A034173; CFDA 84.063, P063P032336
Type of finding - Reportable Condition Control and Non-Compliance

Initial Year Written: 2003
Status: Implemented

U.S. Department of Education

An institution is not eligible to participate in Title IV programs if for the award year that ended during the institution's fiscal year (1) more than 50% of its courses were correspondence or telecommunications courses; (2) 50% or more of its regular students (i.e., students enrolled for the purpose of obtaining a degree, certificate, or diploma) were enrolled in correspondence courses; (3) 25% or more of its regular students were incarcerated; (4) 50% or more of its regular students were enrolled as "ability-to-benefit" students (i.e., without a high school diploma or the recognized equivalent and the institution did not provide a four or two year program for which it awards a bachelor's or associate degree, respectively). The University of Texas at Austin does not have a process in place to quantify the number of telecommunications courses provided.

Corrective Action:

Corrective action was taken.

Reference No. 05-53

Special Tests and Provisions - Student Status Changes

Student Financial Assistance Cluster
Award year - July 1, 2003 to June 30, 2004
Award number - not applicable for FFELP loans
Type of finding - Reportable Condition Control and Non-Compliance

Initial Year Written: 2004
Status: Partially Implemented

U.S. Department of Education

Under the Federal Family Education Loan programs (FFELP), schools must complete and return within 30 days of receipt the Roster File sent by the National Student Loan Data System (NSLDS) (OMB No. 1845-0035). The Roster File is transmitted electronically. The institution determines how often it receives the Roster File, but the minimum is twice a year. Once received, the institution must correct and submit any changes electronically. Unless the school expects to complete its next Roster File within 60 days, the school must notify NSLDS within 30 days, if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis (34 CFR section 682.610). Per the NSLDS reporting guide, schools are recommended to report a minimum of five times an academic year. In addition, if the next enrollment report roster file is not scheduled within 60 days of a student status change, then the school must submit an ad hoc report or update the student records online. There are no questioned costs since the student was in-school status.

University of Texas at Austin may work directly with NSLDS or the National Student Clearinghouse (NSC). University of Texas at Austin has elected to utilize the services of NSC. The University of Texas at Austin does update the status of the students included in the Roster File when received from NSC but does not perform any procedures to ensure the Roster File includes all students enrolled with FFELP loans. One of 30 students reviewed was not reported within the required 60 days. NSLDS had the student as withdrawn as of December 2003 until the University of Texas at Austin updated the profile by showing the student as half time. The student had enrolled in August 2003 and should have been reported on the October 2003 submission as half time. The student was not on the October 2003 Roster File and the University of Texas at Austin did not add the student.

Corrective Action:

The finding was reissued as current year reference number: 06-62.

Reference No. 05-54

Special Tests and Provisions - Student Loan Repayments (Defaults and Graduates)

(Prior Audit Issue - 04-57 and 03-10)

Student Financial Assistance Cluster
Award year - July 1, 2003 to June 30, 2004
Award number - CFDA 84.038, P038A034173
Type of finding - Reportable Condition Control and Non-Compliance

Initial Year Written: 2002
Status: Implemented

U.S. Department of Education

For students with defaulted Perkins loans, the University of Texas at Austin is required to make at least two separate attempts to notify the student by phone after the loan is 75 days delinquent. These phone calls are to be made before the loan is turned over to the collection agency. (34 CFR 674.43) The University of Texas at Austin's computer system generates a list of students in default over 75 days which is used to make the phone calls. Also management monitors phone call activity through employee meetings. However, upon review of 12 defaulted files, there was one file sent to the collection agency with one phone call made instead of the required two phone calls. The University of Texas at Austin's policy is to maintain the system generated call logs with the operators' notations and the phone calls are to be documented in the student account records via the operators. Before December 2003, the calls were not being consistently documented. As of August 31, 2004, 5,065 borrowers were in default with loans outstanding of approximately $10,408,000. Approximately 1,400 of the borrowers were defaulted less than 365 days for about $3,093,000.

For students with Perkins loans, UT-Austin is required to conduct exit counseling with the borrower either in person, by audiovisual presentation, or by interactive electronic means. Schools are required to conduct the counseling shortly before the student graduates or drops below half-time enrollment. For borrowers who withdraw from school, exit counseling must be provided within 30 days after learning that the borrower has withdrawn. Each semester, UT-Austin prepares a "graduating seniors list" after the deadline to apply for a degree. Then letters are generated and mailed asking for exit interviews to be scheduled. If the student does not comply, exit information packages are mailed to the student. Eight fall 2003 graduates were reviewed and no exit interview information was available for two of the students. These particular students were dismissed early in the semester for satisfactorily academic progress reasons. It appears that the system-generated list does not include dismissed students.

Corrective Action:

Corrective action was taken.

Reference No. 05-55

Procurement and Suspension and Debarment

Research and Development Cluster
Award year - Multiple
Award number - Multiple
Type of finding - Reportable Condition Control

Initial Year Written: 2004
Status: Partially Implemented

Federal Agencies that Provide R&D grants

Under federal rules in effect prior to November 26, 2003, contractors receiving individual awards for $100,000 or more and all subrecipients must certify that the organization and its principals are not suspended or debarred. Effective November 26, 2003 (per the Federal Register, Vol. 68, No. 228/ Wednesday, November 26, 2003/ Rules and Regulations), the threshold was decreased to $25,000 and the verification may be accomplished by (1) checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity.

Specifically our test work found that the University of Texas at Austin did not implement the new threshold until January 2004. Per review of 30 vendor files, one was found to not have a suspension and debarment certification. Upon review of the EPLS, the vendor was not suspended or debarred.

Corrective Action:

This finding was reissued as current year reference number: 06-64.

Reference No. 05-56

Cash Management

(Prior Audit Issue - 04-52 and 03-06)

Research and Development Cluster
Award year - Multiple
Award number - Multiple
Type of finding - Reportable Condition Control and Non-Compliance

Initial Year Written: 2002
Status: Implemented

Federal Agencies that provide R&D grants

The University of Texas at Austin has selected the reimbursement method of cash management. A weekly cash position report is produced from receivable for grants module (RGM) in DEFINE system (general ledger accounting system) denoting the cash position of each Federal research and development (R&D) grant. This report is based on expenditures posted to the general ledger and not expenses paid, which is required under the reimbursement method. The University of Texas at Austin's policy is to pay all vendors within 30 days of receipt of an invoice (OMB Circular A-110, subpart C, section .22). In addition, the weekly cash position report tracks the expenses incurred per grant in excess of the award amount or "amount over". Weekly draws for direct costs are then made from the respective agencies based on the excess of expenditures posted to the general ledger compared to the amount of cash drawn to date. In addition, monthly draws are made for indirect costs. We were unable to determine what portion of the amounts drawn were paid prior to initiation of the draw request.

Corrective Action:

Corrective action was taken.

Reference No. 05-57

Matching and Program Income

(Prior Audit Issue - 04-53, 03-09, and 02-48)

Research and Development Cluster
Award year - Multiple
Award number - Multiple
Type of finding - Reportable Condition Control

Initial Year Written: 2001
Status: Partially Implemented

Federal Agencies that provide R&D grants

The University of Texas at Austin administers its R&D programs through the Office of Sponsored Projects (OSP) and Grants and Contracts (G&C). The Principal Investigator (PI) is directly responsible for the research and coordinates necessary information back to OSP and G&C. Each grant has an electronic profile set-up in DEFINE accounting system by G&C once OSP, the PI, and the sponsor have approved the grant. The profile set-up has certain fields which are required or DEFINE will not process the grant.

Upon request for a population of matching grants, the University of Texas at Austin did not have established procedures for monitoring the current fiscal year portion of the matching requirements. G&C does require a cost sharing recap form for each proposal and subsequent award. This information is captured for tracking compliance. A system report will identify awards with matching provisions and the total amount of matching required. However to determine the amount of matching which did occur in a given fiscal year, each grant had to be manually reviewed to determine if any matching expenditures were recorded to the general ledger.

In addition during March 2004, G&C began populating a "program income expected" field as award proposal reviews were conducted. For any new awards, a report can be generated indicating the grants with expected program income.

Corrective Action:

This finding was reissued as current year reference number: 06-63.

University of Texas at Dallas

Reference No. 05-58
Procurement and Suspension and Debarment

Research and Development Cluster
Award year - Multiple
Award number - Multiple
Type of finding - Reportable Condition Control

Initial Year Written: 2004
Status: Implemented

Federal Agencies that Provide R&D grants

Under federal rules in effect prior to November 26, 2003, contractors receiving individual awards for $100,000 or more and all subrecipients must certify that the organization and its principals are not suspended or debarred. Effective November 26, 2003 (per the Federal Register, Vol. 68, No. 228/ Wednesday, November 26, 2003/ Rules and Regulations), the threshold was decreased to $25,000 and the verification may be accomplished by (1) checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity.

Our audit procedures found that the University of Texas at Dallas did not have any controls in place nor were they verifying that vendors were not suspended or debarred. Upon review of the EPLS, none of the vendors were found to be suspended or debarred.

Corrective Action:

Corrective action was taken.

University of Texas Health Science Center at San Antonio

Reference No. 05-59

Reporting - Pell Payment Data

Student Financial Assistance Program
Award year - July 1, 2003 to June 30, 2004
Award number - CFDA 84.063, P036P042337
Type of finding - Reportable Condition Control and Non-Compliance

Initial Year Written: 2004
Status: Implemented

U.S. Department of Education

The federal regulations (34 CFR section 690.83), note "the Secretary accepts a student's payment date that is submitted in accordance with procedures established through publication in the Federal Register, and that contain the information the Secretary considers to be accurate in light of other available information including that previously provided by the student and the institution." Also the March 10, 2004 Federal Register: (Vol. 69, Num. 47) includes the following, "We consider that federal Pell grant funds are disbursed on the earlier of the date that the institution: (a) credits those funds to a student's account in the institution's general ledger or any sub ledger of the general ledger, or (b) pays those funds to a student directly. We consider that federal Pell grant funds are disbursed even if an institution uses its own funds in advance or receiving program funds from the Department (34 CFR 668.164(a)). An institution's failure to submit disbursement records within the required 30-day timeframe may result in an audit or program review finding."

The University of Texas Health Science Center at San Antonio (UTHSC-SA) disburses funds through check releases to the students. UTHSC-SA notes the "disbursement date" as the day their award posting process (590 process) is performed. However, it takes an additional five days from the posting for the actual check to be prepared and released. The date reported in the Common Origination and Disbursement (COD) System as the disbursement date is not equivalent to the definition above. UTHSC-SA was aware of this situation. Management did not view this as an issue since the disbursement date is an optional field per the COD Technical Manual. However there were four of 48 disbursements that were not reported within 30 days. UTHSC-SA disbursed approximately $1,169,000 of Pell grants during fiscal year 2004.

Corrective Action:

Corrective action was taken.

University of Texas M.D. Anderson Cancer Center

Reference No. 05-60
Allowable Costs
(Prior Audit Issue - 02-30)

Research and Development Cluster
Award year - Multiple
Award number - Multiple
Type of finding - Non-Compliance

Initial Year Written: 2001
Status: Partially Implemented

U.S. Department of Health and Human Services

Prior to fiscal year 2004, the University of Texas M.D. Anderson Cancer Center (M.D. Anderson) used the plan confirmation method as its effort reporting system, which is an acceptable method under OMB Circular A-21 (A-21). However, as M.D. Anderson is recognized as a hospital, the cost principles set forth in "A Guide for Hospitals", Office of Assistant Secretary Comptroller (OASC-3) should be followed. The plan confirmation method is not included as an acceptable method under OASC-3.

OASC-3 requires that, for members of the professional staff, current and reasonable estimates of the percentage distribution of their total effort may be used as support in the absence of actual time records. In order to qualify as current and reasonable, estimates must be made no later than one month after the month in which the services were performed. Estimates determined before the performance of services, such as budget estimates on a monthly, quarterly, or yearly basis do not qualify as estimates of effort spent. (45 CFR 74, App. E, IX B7)

Prior to August 1995, M.D. Anderson had prepared their indirect cost proposals in accordance with OMB Circular A-21, which were approved by Department of Health and Human Services (DHHS). However in August 1995, DHHS informed M.D. Anderson that they were recognized as a hospital and should be utilizing the DHHS cost principles and procedures as set forth in OASC-3. At that time, M.D. Anderson was in the midst of implementing the plan confirmation system, which was in accordance with OMB Circular A-21.

In the summer of 1995, M.D. Anderson representatives met with DHHS officials in Washington, DC to discuss M.D. Anderson's continued use of the plan confirmation method. Since 1995, M.D. Anderson has prepared and submitted its yearly cost proposals in accordance with OASC-3, which have been approved by DHHS with no objections related to M.D. Anderson's continued use of the plan confirmation effort certification method.

In July 2000, M.D. Anderson sent a letter to DHHS requesting the consideration of a change to OASC-3, as it is being revised, to include alternative effort reporting methodologies consistent with OMB Circular A-21. This letter again advised DHHS that M.D. Anderson was using the plan confirmation effort certification method. Additionally, this letter included background and procedural attachments related to M.D. Anderson's plan confirmation certification. To date, M.D. Anderson has not received a response from DHHS.

During fiscal year 2004, M.D. Anderson altered their time and effort reporting to an after-the-fact confirmation effort certification method. M. D. Anderson required each member of the professional staff to complete the after-the-fact confirmation certification on a quarterly basis. This effort reporting system is acceptable under OASC-3 but completion of the certifications quarterly does not meet OASC-3's required timeframe of monthly. Approximately $69,242,000 in salary and benefit expense was charged to the research and development cluster during fiscal year 2004.

Management Response and Corrective Action 2004:

We agree that the OASC-3 regulations do require after-the-fact effort certification be performed on a monthly basis. There are several reasons we made the business decision to perform our certification on a quarterly basis. First, as we took our PCC system off-line in fiscal year 2004, we looked to create an electronic tool to assist in capturing and reporting the time and effort data. Due to complications and delays in creating this tool, we were forced to capture the data manually. In order to capture the data in a consistent, accurate, and user-friendly manner, we decided that quarterly effort reports made the best business sense for the institution and we accomplished full certification of all employees within the institution.

Secondly, our quarterly effort reporting system is consistent with our peer academic research institutions that fall under A-21 regulations. Also, it is our understanding from communications with the Department of Health and Human Services (DHHS) that the OASC-3 regulations are being revised to reflect consistency with A-21. In the past, DHHS has approved OASC-3 governed hospitals to use quarterly effort systems. We also requested this approval from DHHS, which they responded that further exceptions would not be made due to the pending OASC-3 revisions.

Lastly, we discussed with the Director of the Division of Cost Allocations (DCA) in Dallas our desire to move from OASC-3 to A-21, if the OASC-3 revisions are not completed in a timely manner or do not allow for quarterly effort reporting. The DCA Director responded that a move to A-21 could be discussed in our next F&A Cost Rate negotiation, which will occur in February 2006.

Management Response and Corrective Action 2005:

Pending the revision of the OASC-3 regulations to allow for quarterly reporting, our institution will be in compliance. If the revisions to OASC-3 are not completed in a timely manner or do not allow for quarterly effort reporting the institution may request permission to move to A-21 regulations. The DCA Director responded that a move to A-21 could be discussed in our next F&A Cost Rate negotiation, which will occur in February 2006.

The Office of Research Administration (ORA) has received: 100% of certifications for the 1st Quarter of FY2005; 90% of certifications for 2nd Quarter of FY2005; and, is currently working on the 3rd Quarter certifications. To assist in the process of reviewing and cleaning up the effort commitment data, we have developed a Lotus Notes database that shows an individual's overall effort commitments for sponsored research and tracks changes made to effort during the award's budget period so that the 25% change requirement can be monitored. We have also implemented two new Standard Operating Procedures (SOP's) to assist with effort reporting: (1) Request for Time and Effort Changes on NIH Grants; and, (2) Payroll Cost Transfers to Grant and Contract Accounts. These SOP's will help the faculty and their staff follow the NIH grant guidelines. We have drafted a formal Institutional Policy on Effort Reporting, and this policy is currently under review by the Faculty Senate.

ORA is also involved in the RFP bid process through UT System, to identify a software package that provides electronic effort reporting and certification. We have entered the formal "planning and analysis" stage of review and have narrowed the selection to three vendors for further review.

Implementation Date: *September 1, 2006*

Responsible Person: *Leonard A. Swelling, MD, MBA*

Reference No. 05-61

Procurement and Suspension and Debarment

Research and Development Cluster
Award year - Multiple
Award number - Multiple
Type of finding - Reportable Condition Control and Material Non-Compliance

Initial Year Written: 2004
Status: Partially Implemented

Federal Agencies that Provide R&D grants

Under federal rules in effect prior to November 26, 2003, contractors receiving individual awards for $100,000 or more and all subrecipients must certify that the organization and its principals are not suspended or debarred. Effective November 26, 2003 (per the Federal Register, Vol. 68, No. 228/ Wednesday, November 26, 2003/ Rules and Regulations), the threshold was decreased to $25,000 and the verification may be accomplished by (1) checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity.

Our audit procedures found that the University of Texas M.D. Anderson Cancer Center did not have any controls in place to identify the change in procurement threshold. Therefore, they were not verifying that the vendors between $25,000 and $100,000 after November 26, 2003 were not suspended or debarred. Subsequent to November 26, 2003, there was $3,693,501 of purchase orders received between the amounts of $25,000 and $100,000. Upon review of the EPLS, none of the vendors were suspended or debarred.

In addition, institutions of higher education shall use procurement procedures that conform to applicable Federal law and regulations and standards identified in OMB Circular A-110. Specifically, the U.S. Department of Health and Human Services requires the following with regard to procurement (45CFR 92.36):

- Verify the contract file documents the significant history of the procurement.
- Verify the procurements provide full and open competition.
- Verify that contract files exist and ascertain if appropriate cost or price analysis was performed in connection with procurement actions, including contract modifications and that this analysis supported the procurement action.
- Verify that the awarding federal agency approved procurements exceeding $100,000 when such approval was required. Generally procurements (1) awarded by noncompetitive negotiation, (2) awarded when only a single bid or offer was received, (3) awarded to other than the apparent low bidder, or (4) specifying a "brand name" product may require prior federal awarding agency approval.

Of the 30 items selected for compliance procedures, 11 files with expenditures in the amount of $264,771 did not have documentation of formal bids, sole sourcing, or price/cost analysis. In addition, the University of Texas M.D. Anderson Cancer Center does not have any procedures in place to determine if approval from the awarding agency is necessary. There were two vendors with contracts for $558,368 that exceeded the $100,000 threshold individually.

Management Response and Corrective Action 2004:

We agree with the finding and recommendation and will strengthen controls in the vendor selection process. In addition, we are establishing a research financial compliance function that will provide dedicated oversight and assurance of compliance in the future.

Management Response and Corrective Action 2005:

In response to the A-133 Audit Findings, the University of Texas M.D. Anderson Cancer Center Supply Chain Services department has taken the following steps:

1) *Updated and revised Business Office Procedure 4-1-020 to include responsibilities for Vendor Checks on all purchase orders processed;*
2) *Developed and implemented an agreement Compliance Checklist that will help to ensure required documents are included in all agreement files;*
3) *Developed and implemented a purchase order compliance checklist that will help to ensure required documents are included in all purchase order files;*
4) *Presently updating the Supply Chain Services training curriculum to include emphasis on the Vendor Check requirements, Agreement Compliance Checklist and the Purchase Order Checklist;*
5) *Introduced the new policies and checklist to the leadership team;*
6) *Scheduled in-service/training sessions for all Procurement Services and Sourcing & Contract personnel later this month (August, 2005)*

Further, the new financial research compliance section will perform quarterly reviews to ensure that Supply Chain Services carries out the necessary procedures to comply with Circular A-133 requirements.

Implementation Date: *September 1, 2005*

Responsible Person: *John Gillespie*

Reference No. 05-62

Reporting

Research and Development Cluster
Award year - Multiple
Award number - Multiple
Type of finding - Reportable Condition Control and Material Non-Compliance

Initial Year Written: 2004
Status: Partially Implemented
Federal Agencies that Provide R&D grants

45CFR74.52 requires that the following forms be used for obtaining financial information from subrecipients: SF 269 (Financial Status Report) and PMS 272 (Report of Federal Cash Transactions). NIH Grants Policy Statement (3/01 and 2/03, revised) - Part II, Terms and Conditions of NIH Grant Awards, financial or expenditure reporting is required as documentation of the financial status of grants and is accomplished using the Financial Status Report (FSR). The FSR is required on an annual basis, submitted for each budget period, unless the grant is under the Streamlined Non-competing Award Process (SNAP) in which case in lieu of the annual FSR, NIH will use the quarterly SF 272, to monitor the financial aspects of the grant. All non-SNAP NIH grants are required to file an annual SF 269.

Our audit procedures found that the University of Texas M.D. Anderson Cancer Center did not have a control in place to ensure that the Non-SNAP NIH grants were meeting the annual reporting requirements. In addition, five of the 13 U.S. Department of Army grants were not included in the reporting due date matrix that is the primary control to ensure that reports are prepared and submitted timely. Reports that were submitted were found to agree to support documentation. In our sample of 40 grants, the following discrepancies were noted:

- The annual FSR report was not prepared for eight of the 27 NIH grants tested.
- The FSR report was not completed timely for two NIH grants.
- The PMS 272 report was not completed in accordance with due date requirements for 13 of 13 U.S. Department of Army grants.

Management Response and Corrective Action 2004:

We agree with the finding and recommendation. In October 2004, senior management began a comprehensive review of the management oversight and internal controls of the Grants and Contracts Accounting Department. Senior management decided that the Office of Research Administration, which was primarily responsible for preaward functions, would take a more active role in the management of grants and contracts (i.e., time and effort reporting and certification, budget set-up, administrative reviews, cost transfer review and approval, etc.). Additionally, the Grants and Contracts Accounting Department, which was primarily a post-award function, would focus on the accounting and financial reporting related to research activities (i.e., invoicing, drawdowns, cash posting, financial reporting, expenditure posting, balance sheet reconciliation, etc.). The departments are meeting with each other on a weekly basis to document the new processes and responsible parties and developing standard operating procedures (SOP). We will begin immediately developing new processes and SOP and identifying responsible parties for ensuring compliance for this weakness. Additionally, we are establishing a research financial compliance function that will provide dedicated oversight and assurance of compliance in all high-risk areas. We will provide more in-depth descriptions of our action plan to address this finding at the next quarterly audit finding update.

Management Response and Corrective Action 2005:

GCA (note: GCA - Grants & Contracts Accounting) *has a new financial reporting section that will carry out all financial reporting. GCA has implemented a tracking a mechanism that will be used to notify the Financial Reporting Team when a report is due. GCA is committed to reviewing the reports to ensure timely submission. Further, standard operating procedures are being devised to govern these activities. The target date for completion of the SOP's relating to this activity is September 1, 2005.*

Also, a financial research compliance function has been created and will focus on identifying and mitigating risks related to the grant, contract, and sponsored agreement activity; compliance monitoring and auditing; providing necessary education and training, and taking proactive steps to decrease instances of noncompliance. Policies and procedures are currently being developed to guide this process as well. This team will administer a comprehensive grants and contracts compliance program to ensure compliance with all applicable government regulations, laws, and institutional policies, which govern all grants, contracts, and sponsored programs.

Implementation Date: *September 1, 2005*

Responsible Person: *Claudia Delgado*

Reference No. 05-63

Period of Availability

Research and Development Cluster
Award year - Multiple
Award number - Multiple
Type of finding - Reportable Condition Control and Material Non-Compliance

Initial Year Written: 2004
Status: Partially Implemented

Federal Agencies that Provide R&D grants

Federal awards may specify a time period during which the non-Federal entity may use the Federal funds. Where a funding period is specified, a non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency (OMB Circular A-110, Section .28).

The University of Texas M.D. Anderson Cancer Center has an automated close-out control which reverses any expenditures charged to the grants after the grant end date. This process is not performed frequently enough and/or in conjunction with the annual financial statement preparation. As a result there were six of 30 grants reviewed with expenditures after the grant end date. These expenses of $6,991 were incorrectly reported in the schedule of expenditures of federal awards since the grants were in open status even though the grant period had expired.

Management Response and Corrective Action 2004:

We agree with the finding and recommendation. In October 2004, senior management began a comprehensive review of the management oversight and internal controls of the Grants and Contracts Accounting Department. Senior management decided that the Office of Research Administration, which was primarily responsible for preaward functions, would take a more active role in the management of grants and contracts (i.e., time and effort reporting and certification, budget set-up, administrative reviews, cost transfer review and approval, etc.). Additionally, the Grants and Contracts Accounting Department, which was primarily a post-award function, would focus on the accounting and financial reporting related to research activities (i.e., invoicing, drawdowns, cash posting, financial reporting, expenditure posting, balance sheet reconciliation, etc.). The departments are meeting with each other on a weekly basis to document the new processes and responsible parties and developing standard operating procedures (SOP). We will begin immediately developing new processes and SOP and identifying responsible parties for ensuring compliance for this weakness. Additionally, we are establishing a research financial compliance function that will provide dedicated oversight and assurance of compliance in all high-risk areas. We will provide more in-depth descriptions of our action plan to address this finding at the next quarterly audit finding update.

Management Response and Corrective Action 2005:

ORA has developed a Lotus Notes based tracking tool to monitor grants with upcoming expiration dates, and is using this tool to track salary expenditures on grants. We have taken a pro-active approach to communicate with the PI and Department Administrator in advance so that a salary account change can be made in advance and/or a no cost extension can be requested if required.

A front-end automated control that will keep expenditures from being charged to awards after their stated grant period has expired is presently being considered. Unfortunately, there is no timeline as to when such a system will be purchased and implemented.

Since a front-end automated control is not feasible in the near future, as a compensating control, GCA has put in place the necessary personnel to rectify this situation. The department is now positioned to effectively address this finding. GCA now has in place a team of individuals who will be solely responsible for monitoring grant expenditures. The monitoring team will:

- *Review all requests for cost transfers;*
- *Analyze expenses for each award*
- *Review and approve requests to transfer funds;*
- *Process transactions against the GL;*
- *Review and approve rebudgeting requests;*
- *Review and approve requests for carry over of funds;*
- *And carry out accounting close out process for each grant*

These monitoring activities are also a proactive step to ensure that expenditures are not charged to awards after their stated grant period has expired. Further, SOP's are being devised to govern these activities.

Implementation Date: *July 1, 2005*

Responsible Person: *Melinda Mathis, MPA, and Claudia Delgado*

Reference No. 05-64

Subrecipient Monitoring

Research and Development Cluster
Award year - Multiple
Award number - Multiple
Type of finding - Material Weakness Control and Material Non-Compliance

Initial Year Written: 2004
Status: Partially Implemented

Federal Agencies that provide R&D grants

M.D. Anderson 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. M.D. Anderson's subrecipient monitoring procedures include a standardized contract, risk assessment process, site visits, close out procedures, and OMB Circular A-133 audit report reviews. According to OMB Circular A-133, M.D. Anderson must assure that subrecipients expending Federal funds in excess of $500,000 have an OMB Circular A-133 Single Audit performed and provide a copy to M.D. Anderson, which should include any necessary management corrective actions. M.D. Anderson's total payments to subrecipients for fiscal year 2004 were approximately $9,290,000.

In our sample of 50 subrecipients, the following discrepancies were noted:

- Required award identification information (i.e., CFDA title and number, award name, name of federal agency, and applicable compliance requirements) was not included in 16 files.
- The OMB Circular A-133 Certification Form notifying the University of Texas M.D. Anderson Cancer Center if the subrecipient was required to have an OMB Circular A-133 audit was not available for 15 subrecipients.
- Risk assessments were not performed on 13 subrecipients.
- Close out procedures had not been performed within 90 days for six subrecipients.
- There was no site visit or any other monitoring procedures for 26 subrecipients.
- Reviews were not performed on OMB Circular A-133 reports submitted for 32 subrecipients.
- Contract agreement or modification document could not be located, therefore the budget period or first date of disbursement could not be determined for five files.

Management Response and Corrective Action 2004:

We agree with the finding and recommendation. In October 2004, senior management began a comprehensive review of the management oversight and internal controls of the Grants and Contracts Accounting Department. Senior management decided that the Office of Research Administration, which was primarily responsible for preaward functions, would take a more active role in the management of grants and contracts (i.e., time and effort reporting and certification, budget set-up, administrative reviews, cost transfer review and approval, etc.). Additionally, the Grants and Contracts Accounting Department, which was primarily a post-award function, would focus on the accounting and financial reporting related to research activities (i.e., invoicing, drawdowns, cash posting, financial reporting, expenditure posting, balance sheet reconciliation, etc.). The departments are meeting with each other on a weekly basis to document the new processes and responsible parties and developing standard operating procedures (SOP). We will begin immediately developing new processes and SOP and identifying responsible parties for ensuring compliance for this weakness. Additionally, we are establishing a research financial compliance function that will provide dedicated oversight and assurance of compliance in all high-risk areas. We will provide more in-depth descriptions of our action plan to address this finding at the next quarterly audit finding update.

Management Response and Corrective Action 2005:

An SOP for Subrecipient Monitoring was implemented in November 2004, to complete A-133 audits of subrecipients prior to execution and funding of the subaward. A quality assurance check completed in June 2005, indicated that 100% of subawards underwent an A-133 review prior to execution of the subaward.

ORA has developed a Subrecipient Monitoring and Review Tool (SMART) to track subrecipients and subawards, including the risk assessment and monitoring plan for each subaward. The record for each subaward in SMART also includes required identification information (CFDA title and number, award name, name of federal agency, and applicable compliance requirements) and copies of or links to the subrecipient's most recent audit report. This tool went live on July 1, 2005, and is shared with the Compliance Section in GCA for use in their auditing and monitoring of subawards. Staff in ORA and GCA meet regularly to review and monitor the subawards and develop action plans for audits and site visits, as required by each subaward's monitoring plan.

Implementation Date: *July 1, 2005*

Responsible Person: *Melinda Mathis, MPA*

University of Texas Southwestern Medical Center at Dallas

Reference No. 05-65
Procurement and Suspension and Debarment

Research and Development Cluster
Award year - Multiple
Award number - Multiple
Type of finding - Reportable Condition Control

Initial Year Written: 2004

Status: Partially Implemented
Federal Agencies that Provide R&D grants

Under federal rules in effect prior to November 26, 2003, contractors receiving individual awards for $100,000 or more and all subrecipients must certify that the organization and its principals are not suspended or debarred. Effective November 26, 2003 (per the Federal Register, Vol. 68, No. 228/ Wednesday, November 26, 2003/ Rules and Regulations), the threshold was decreased to $25,000 and the verification may be accomplished by (1) checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity.

Our audit procedures found that the University of Texas Southwestern Medical Center at Dallas did not have any controls in place to identify the change in procurement threshold. Therefore, they were not verifying that the vendors between $25,000 and $100,000 after November 26, 2003 were not suspended or debarred. Upon review of the EPLS, none of the vendors were suspended or debarred.

Corrective Action:

This finding was reissued as current year reference number: 06-82.