



# STATE OF TEXAS

## Federal Portion of the Statewide Single Audit Report

For the Year Ended August 31, 2004



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**Independent Auditors' Reports**

Federal Portion of  
Statewide Single Audit Report

For the Year Ended August 31, 2004

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### **Independent Auditors' Report on the Schedule of Expenditures of Federal Awards**

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

We have audited the accompanying Schedule of Expenditures of Federal Awards of the State of Texas (the Schedule) for the year ended August 31, 2004. This Schedule is the responsibility of the State of Texas' management. Our responsibility is to express an opinion on the Schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1 to the Schedule of Expenditures of Federal Awards, the Schedule does not include expenditures of Federal awards for four component units of the State of Texas. Each of those component units has their own independent audit in compliance with OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

In our opinion, the Schedule of Expenditures of Federal Awards referred to above presents fairly, in all material respects, the expenditures of Federal awards of the State of Texas, as described above, for the year ended August 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

**KPMG LLP**

February 21, 2005



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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, 2004, except those requirements discussed in the seventh following paragraph. We also did not audit the State's compliance with compliance requirements applicable to CFDA 14.871, Section 8 Housing Choice Vouchers (Section 8), which is approximately .04% 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 Section 8 program is identified in the accompanying Schedule of Findings and Questioned Costs as a major Federal program and was audited by another auditor whose report has been furnished to us. Our opinion, insofar as it relates to the Section 8 program, 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.

The Schedule of Expenditures of Federal Awards and 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:

<u>Agency/University</u>	<u>Program</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
Department of Health	CFDA 93.917 - HIV Care Formula Grants	Earmarking	05-07

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

<u>Agency/University</u>	<u>Program</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
Angelo State University	Student Financial Assistance Cluster	Special Tests and Provisions	05-01
Department of Assistive and Rehabilitative Services	CFDA 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States	Allowable Costs/Cost Principles	05-39
Department of Family and Protective Services	CFDA 93.556 - Promoting Safe and Stable Families	Allowable Costs/Cost Principles	05-04
Department of Health	CFDA 10.557 - Special Supplemental Nutrition for Women, Infants, and Children CFDA 93.003 - Public Health and Social Services Emergency Fund 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 93.917 - HIV Care Formula Grants CFDA 93.940 - HIV Prevention Activities - Health Department Based CFDA 93.994 - Maternal and Child Health Services Block Grant to States Medicaid Cluster	Cash Management	05-15



<u>Agency/University</u>	<u>Program</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
Health and Human Services Commission and Department of Family and Protective Services	CFDA 93.556 - Promoting Safe and Stable Families CFDA 93.658 - Foster Care - Title IV- E	Subrecipient Monitoring	05-16
Health and Human Services Commission and Department of Health	CFDA 93.003 - Public Health and Social Services Emergency Fund	Subrecipient Monitoring	05-18
	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 93.917 - HIV Care Formula Grants CFDA 93.940 - HIV Prevention Activities - Health Department Based CFDA 93.994 - Maternal and Child Health Services Block Grant to States	Subrecipient Monitoring	05-20
Health and Human Services Commission	Medicaid Cluster	Special Tests and Provisions	05-26
Department of Housing and Community Affairs	CFDA 14.871 - Section 8 Housing Choice Vouchers	Special Tests and Provisions	05-72 05-74
Department of Mental Health and Mental Retardation	CFDA 93.958 - Block Grants for Community Mental Health Services Medicaid Cluster	Special Tests and Provisions Cash Management	05-33 05-34
Department of Public Safety	CFDA 20.218 - National Motor Carrier Safety	Allowable Costs/Cost Principles Cash Management	05-38
Texas Engineering Extension Service	State Domestic Preparedness Equipment Support Program Cluster State and Local Domestic Preparedness Training Program Cluster	Subrecipient Monitoring	05-42



<u>Agency/University</u>	<u>Program</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
Texas State University	Student Financial Assistance Cluster	Special Tests and Provisions	05-43 05-45
University of Houston			05-46 05-49
University of North Texas			05-50
University of Texas M.D Anderson Cancer Center	Research and Development Cluster	Procurement, Suspension, and Debarment Reporting Period of Availability Subrecipient Monitoring	05-61 05-62 05-63 05-64

In our opinion, based on our audit and the report of other auditors, because of the effects of the noncompliance described in the preceding paragraph, the State did not comply in all material respects, with the requirements referred to above that are applicable to CFDA 93.003, Public Health and Social Services Emergency Fund.

In our opinion, based on our audit and the report of other auditors, except for the noncompliance described in the preceding two paragraphs 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 third 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, 2004, 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:

<u>Agency/University</u>	<u>Program</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
Department of Family and Protective Services	CFDA 93.658 - Foster Care - Title IV- E CFDA 93.659 - Adoption Assistance	Eligibility	05-03
	CFDA 93.556 - Promoting Safe and Stable Families CFDA 93.558 - Temporary Assistance for Needy Families CFDA 93.667 - Social Services Block Grant	Procurement, Suspension, and Debarment	05-05
	CFDA 93.659 - Adoption Assistance	Cash Management	05-06
Department of Health	CFDA 93.917 - HIV Care Formula Grants	Reporting	05-08
	CFDA 93.940 - HIV Prevention Activities - Health Department Based	Allowable Costs/Cost Principles	05-09



<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Department of Health	CFDA 93.268 - Immunization Grants	Special Tests and Provisions	05-10
	CFDA 93.994 - Maternal and Child Health Services Block Grant to States	Level of Effort	05-11
	CFDA 10.557 - Special Supplemental Nutrition for Women, Infants, and Children	Allowable Costs/Cost Principles	05-12
	CFDA 93.003 - Public Health and Social Services Emergency Fund		
	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 93.917 - HIV Care Formula Grants		
	CFDA 93.994 - Maternal and Child Health Services Block Grant to States		
	Medicaid Cluster		
Health and Human Services Commission and Department of Health	CFDA 93.268 - Immunization Grants	Reporting	05-13
	CFDA 10.557 - Special Supplemental Nutrition for Women, Infants, and Children	Procurement, Suspension, and Debarment	05-14
	CFDA 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance	Procurement, Suspension, and Debarment	05-17
	CFDA 93.917 - HIV Care Formula Grants		
	CFDA 10.557 - Special Supplemental Nutrition for Women, Infants, and Children	Subrecipient Monitoring	05-19
	CFDA 93.217 - Family Planning Services		
	CFDA 93.268 - Immunization Grants		



<u>Agency/University</u>	<u>Program</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
Health and Human Services Commission and Department of Health	CFDA 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance CFDA 93.917 - HIV Care Formula Grants CFDA 93.940 - HIV Prevention Activities - Health Department Based CFDA 93.994 - Maternal and Child Health Services Block Grant to States	(continued)	
Health and Human Services Commission	Medicaid Cluster	Program Income	05-25
	CFDA 93.558 - Temporary Assistance for Needy Families Food Stamp Cluster Medicaid Cluster	Eligibility	05-28
Department of Housing and Community Affairs	CFDA 14.871 - Section 8 Housing Choice Vouchers	Special Tests and Provisions	05-67 05-68
		Eligibility	05-70
Department of Human Services	CFDA 93.558 - Temporary Assistance for Needy Families	Reporting	05-29
	CFDA 93.667 - Social Services Block Grant	Cash Management	05-30
Juvenile Probation Commission	CFDA 93.658 - Foster Care - Title IV- E	Subrecipient Monitoring	05-31
Department of Mental Health and Mental Retardation	CFDA 93.958 - Block Grants for Community Mental Health Services Medicaid Cluster	Allowable Costs/Cost Principles	05-32
Parks and Wildlife Department	Fish and Wildlife Cluster	Special Tests and Provisions	05-35
Department of Public Safety	CFDA 20.218 - National Motor Carrier Safety	Equipment and Real Property Management	05-36
Stephen F. Austin State University	Student Financial Assistance Cluster	Reporting	05-40
University of Texas Health Science Center at San Antonio			05-59



<u>Agency/University</u>	<u>Program</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
University of Houston		(continued)	05-47
Stephen F. Austin State University	Student Financial Assistance Cluster	Special Tests and Provisions	05-41
Texas State University			05-44
University of Houston			05-48
University of Texas at Austin			05-52 05-53 05-54
University of Texas at Austin	Student Financial Assistance Cluster	Eligibility	05-51
	Research and Development Cluster	Cash Management	05-56
University of Texas M.D. Anderson Cancer Center	Research and Development Cluster	Allowable Costs/Cost Principles	05-60
Texas Workforce Commission	CFDA 17.245 - Trade Adjustment Assistance	Reporting	05-66

We 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), Campus Partners and Panhandle-Plains Management and Servicing Corporation. Since we did not apply auditing procedures to satisfy ourselves as to compliance with those requirements, the scope of our work was not sufficient to enable us to express, and we 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 us. 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 our review of the service organization accountants' reports, we have determined that all of the compliance requirements included in the *Compliance Supplement* that are applicable to the Student Financial Aid Cluster major program are addressed in either our report or the report of the respective service organization's accountants. Further, based on our review of the service organization accountants' reports, we have determined that they do not contain any findings of noncompliance that would have a direct and material effect on the Student Financial Aid 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 our audit, we 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 our 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 us. However, the scope of our 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 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:

<u>Agency/University</u>	<u>Program</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
Angelo State University	Student Financial Assistance Cluster	Special Tests and Provisions	05-01
Department of Assistive and Rehabilitative Services	CFDA 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States	Allowable Costs/Cost Principles	05-39
Building and Procurement Commission, Department of Information Resources, Department of Family and Protective Services, Department of Health, Department of Human Services, Texas Workforce Commission, University of North Texas	CFDA 10.557 - Special Supplemental Nutrition for Women, Infants, and Children CFDA 93.268 - Immunization Grants CFDA 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance CFDA 93.556 - Promoting Safe and Stable Families CFDA 93.558 - Temporary Assistance for Needy Families CFDA 93.667 - Social Services Block Grant CFDA 93.917 - HIV Care Formula Grants CFDA 93.940 - HIV Prevention Activities - Health Department Based CFDA 93.994 - Maternal and Child Health Services Block Grant to States Employment Services Cluster Food Stamp Cluster Workforce Investment Act Cluster	Procurement Suspension, and Debarment	05-02



<b>Agency/University</b>	<b>Program</b>	<b>Compliance Requirement</b>	<b>Finding Number</b>
Department of Family and Protective Services	CFDA 93.658 - Foster Care - Title IV- E CFDA 93.659 - Adoption Assistance	Eligibility	05-03
	CFDA 93.556 - Promoting Safe and Stable Families	Allowable Costs/Cost Principles	05-04
	CFDA 93.659 - Adoption Assistance	Cash Management	05-06
Department of Health	CFDA 93.940 - HIV Prevention Activities - Health Department Based	Allowable Costs/Cost Principles	05-09
	CFDA 93.994 - Maternal and Child Health Services Block Grant to States	Level of Effort	05-11
	CFDA 10.557 - Special Supplemental Nutrition for Women, Infants, and Children	Allowable Costs/Cost Principles	05-12
	CFDA 93.003 - Public Health and Social Services Emergency Fund		
	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 93.917 - HIV Care Formula Grants		
	CFDA 93.994 - Maternal and Child Health Services Block Grant to States		
	Medicaid Cluster		
	CFDA 93.268 - Immunization Grants	Reporting	05-13
	CFDA 10.557 - Special Supplemental Nutrition for Women, Infants, and Children	Cash Management	05-15
	CFDA 93.003 - Public Health and Social Services Emergency Fund		



<u>Agency/University</u>	<u>Program</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
Department of Health	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 93.917 - HIV Care Formula Grants CFDA 93.940 - HIV Prevention Activities - Health Department Based CFDA 93.994 - Maternal and Child Health Services Block Grant to States Medicaid Cluster	(continued)	
Health and Human Services Commission and Department of Family and Protective Services	CFDA 93.556 - Promoting Safe and Stable Families CFDA 93.658 - Foster Care - Title IV- E	Subrecipient Monitoring	05-16
Health and Human Services Commission and Department of Health	CFDA 10.557 - Special Supplemental Nutrition for Women, Infants, and Children 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 93.917 - HIV Care Formula Grants CFDA 93.940 - HIV Prevention Activities - Health Department Based CFDA 93.994 - Maternal and Child Health Services Block Grant to States	Subrecipient Monitoring	05-19
	CFDA 93.217 - Family Planning Services CFDA 93.268 - Immunization Grants	Subrecipient Monitoring	05-20



<u>Agency/University</u>	<u>Program</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
Health and Human Services Commission and Department of Health	CFDA 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance CFDA 93.917 - HIV Care Formula Grants CFDA 93.940 - HIV Prevention Activities - Health Department Based CFDA 93.994 - Maternal and Child Health Services Block Grant to States	(continued)	
Health and Human Services Commission	CFDA 93.667 - Social Services Block Grant Medicaid Cluster	Allowable Costs/Cost Principles	05-21
	CFDA 93.558 - Temporary Assistance for Needy Families Medicaid Cluster	Eligibility	05-23
	Medicaid Cluster	Program Income Special Tests and Provisions	05-25 05-26
	CFDA 93.558 - Temporary Assistance for Needy Families Food Stamp Cluster Medicaid Cluster	Eligibility	05-28
Department of Housing and Community Affairs	CFDA 14.871 - Section 8 Housing Choice Vouchers	Special Tests and Provisions	05-67 05-69 05-73 05-74 05-71
		Eligibility	05-71
Department of Human Services	CFDA 93.558 - Temporary Assistance for Needy Families	Reporting	05-29
	CFDA 93.667 - Social Services Block Grant	Cash Management	05-30
Juvenile Probation Commission	CFDA 93.658 - Foster Care - Title IV- E	Subrecipient Monitoring	05-31
Department of Mental Health and Mental Retardation	CFDA 93.958 - Block Grants for Community Mental Health Services Medicaid Cluster	Allowable Costs/Cost Principles	05-32



<u>Agency/University</u>	<u>Program</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
Parks and Wildlife Department	Fish and Wildlife Cluster	Special Tests and Provisions	05-35
Department of Public Safety	CFDA 20.218 - National Motor Carrier	Procurement, Suspension, and Debarment	05-37
Stephen F. Austin State University	Student Financial Assistance Cluster	Reporting	05-40
University of Texas Health Science Center at San Antonio			05-59
University of Houston			05-47
Stephen F. Austin State University	Student Financial Assistance Cluster	Special Tests and Provisions	05-41
Texas State University			05-44 05-45
University of Houston			05-46 05-48
University of North Texas			05-50
University of Texas at Austin			05-52 05-53 05-54
University of Texas at Austin	Research and Development Cluster	Procurement, Suspension, and Debarment	05-55
		Cash Management	05-56
		Matching and Program Income	05-57
University of Texas at Dallas	Research and Development Cluster	Procurement, Suspension, and Debarment	05-58
University of Texas M.D. Anderson Cancer Center	Research and Development Cluster	Procurement, Suspension, and Debarment	05-61
		Reporting	05-62
		Period of Availability	05-63
University of Texas Southwestern Medical Center at Dallas	Research and Development Cluster	Procurement, Suspension, and Debarment	05-65
Texas Workforce Commission	CFDA 17.245 - Trade Adjustment Assistance	Reporting	05-66



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 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:

<u>Agency/University</u>	<u>Program</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
Department of Health	CFDA 93.917 - HIV Care Formula Grants	Earmarking	05-07
Health and Human Services Commission and Department of Health	CFDA 93.003 - Public Health and Social Services Emergency Fund	Subrecipient Monitoring	05-18
Health and Human Services Commission	CFDA 93.558 - Temporary Assistance for Needy Families CFDA 93.667 - Social Services Block Grant Food Stamp Cluster Medicaid Cluster	Allowable Costs/Cost Principles	05-24
Department of Housing and Community Affairs	CFDA 14.871 - Section 8 Housing Choice Vouchers	Special Tests and Provisions Allowable Costs/Cost Principles	05-72 05-22
Department of Mental Health and Mental Retardation	CFDA 93.958 - Block Grants for Community Mental Health Services  Medicaid Cluster	Special Tests and Provisions  Cash Management	05-33  05-34
Department of Public Safety	CFDA 20.218 - National Motor Carrier Safety	Equipment and Real Property Management Allowable Costs/Cost Principles Cash Management	05-36 05-38
Texas Engineering Extension Service	State Domestic Preparedness Equipment Support Program Cluster State and Local Domestic Preparedness Training Program Cluster	Subrecipient Monitoring	05-42
Texas State University	Student Financial Assistance Cluster	Special Tests and Provisions	05-43



<u>Agency/University</u>	<u>Program</u>	<u>Compliance Requirement</u>	<u>Finding Number</u>
University of Houston	Student Financial Assistance Cluster	Special Tests and Provisions	05-49
University of Texas M.D. Anderson Cancer Center	Research and Development Cluster	Subrecipient Monitoring	05-64

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, 2005

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**STATE OF TEXAS**

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2004

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-state Entities	Expenditures	Total
<b>Office of National Drug Control Policy</b>					
Office of National Drug Control Policy	07.XXX	I2PSWP561	\$	\$ 7,495	\$ 7,495
Office of National Drug Control Policy	07.XXX	I3PSWP567		3,202	3,202
Office of National Drug Control Policy	07.XXX	I1PSSP604		27,885	27,885
Office of National Drug Control Policy	07.XXX	I2PSSP604		77,219	77,219
Office of National Drug Control Policy	07.XXX	I2PSSP701		53,538	53,538
Office of National Drug Control Policy	07.XXX	PHNPP506		156,711	156,711
Office of National Drug Control Policy	07.XXX	I2PSSP568		12,973	12,973
Office of National Drug Control Policy	07.XXX	I9PHNP519		(26,368)	(26,368)
Office of National Drug Control Policy	07.XXX	I2PHNP531		61,271	61,271
Office of National Drug Control Policy	07.XXX	I2PSWP579		40	40
Office of National Drug Control Policy	07.XXX	I3PSWP567		9,406	9,406
Office of National Drug Control Policy	07.XXX	I4PSWP567		14,320	14,320
Office of National Drug Control Policy	07.XXX	I1PHNP507		1,390	1,390
Office of National Drug Control Policy	07.XXX	I0PSWP560		7,344	7,344
Office of National Drug Control Policy	07.XXX	I3PSWP567		338	338
Office of National Drug Control Policy	07.XXX	I2PSWP559		2,828	2,828
Office of National Drug Control Policy	07.XXX	I1PSSP575		11,621	11,621
Office of National Drug Control Policy	07.XXX	I2PSSP575		42,189	42,189
Office of National Drug Control Policy	07.XXX	I3PSSP575		135,348	135,348
Office of National Drug Control Policy	07.XXX	I4PSSP575		24,582	24,582
Office of National Drug Control Policy	07.XXX	I3PSWP567		6,691	6,691
Office of National Drug Control Policy	07.XXX	I4PSWP567		4,847	4,847
Office of National Drug Control Policy	07.XXX	I3PSWP567		467,571	467,571
Office of National Drug Control Policy	07.XXX	I4PSWP567		435,432	435,432
Office of National Drug Control Policy	07.XXX	PSWP562		155,744	155,744
Total - Office of National Drug Control Policy			—	1,693,617	1,693,617
<b>Peace Corps</b>					
Peace Corps	08.XXX	G72305 09/04		10,617	10,617
Peace Corps	08.XXX	02-187-2019		4,562	4,562
Total - Peace Corps			—	15,179	15,179
<b>U.S. Department of Agriculture</b>					
U.S. Department of Agriculture	10.XXX	03-CS-11081301-020		27,167	27,167
U.S. Department of Agriculture	10.XXX	SRS-03-CR11330128-178		2,172	2,172
U.S. Department of Agriculture	10.XXX	CA004		277,735	277,735
<i>Pass-through from Southern U.S. Trade Association</i>	10.XXX	SUSTA #010301		17,587	17,587
<i>Pass-through from University of Florida</i>	10.XXX	L82982		6,299	6,299
Agricultural Research--Basic and Applied Research	10.001			396,068	396,068
Plant and Animal Disease, Pest Control, and Animal Care	10.025			10,132,631	10,132,631
Emergency Conservation Program	10.054			3,933	3,933
Wetlands Reserve Program	10.072			1,660,131	1,660,131
Market News	10.153			23,292	23,292
Market Protection and Promotion	10.163			312,441	312,441
Grants for Agricultural Research, Special Research Grants	10.200		14,150	498,824	512,974
<i>Pass-through from Southern Regional Aquaculture</i>	10.200	2001-38500-10307		(746)	(746)
<i>Pass-through from University of Florida</i>	10.200	513889		423	423
<i>Pass-through from University of Florida</i>	10.200	531290		5,751	5,751
<i>Pass-through from University of Florida</i>	10.200	L86847		2,350	2,350
<i>Pass-through from University of Georgia</i>	10.200	RD309-040/3581347		3,528	3,528

STATE OF TEXAS

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-state Entities	Expenditures	Total
<b>U.S. Department of Agriculture (continued)</b>					
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205			2,966,688	2,966,688
Grants for Agricultural Research--Competitive Research Grants					
<i>Pass-through from Baylor College of Medicine</i>	10.206	4600566240		28,679	28,679
<i>Pass-through from North Carolina State University</i>	10.206	2001-0072-12		5,766	5,766
Sustainable Agriculture Research and Education	10.215			51,059	51,059
Higher Education Challenge Grants	10.217			61,644	61,644
Hispanic Serving Institutions Education Grants	10.223			505,510	505,510
<i>Pass-through from St Edwards University</i>	10.223	SEU 00-01 BRAND		278	278
Fund for Rural America--Research, Education, and Extension Activities	10.224			413	413
<i>Pass-through from North Carolina State University</i>	10.224	00-1320-2-7A		22,790	22,790
<i>Pass-through from Purdue University</i>	10.224	593-0344-02		4,349	4,349
Initiative for Future Agriculture and Food Systems	10.302			25,114	25,114
<i>Pass-through from Baylor College of Medicine</i>	10.302	2001-52102-11255		21,096	21,096
<i>Pass-through from University of Wisconsin</i>	10.302	425F666118981		582	582
Initiative for Future Agriculture and Food Systems					
<i>Pass-through from University of Wisconsin</i>	10.302	593A342		37,151	37,151
Integrated Programs	10.303		1,188,264	531,374	1,719,638
<i>Pass-through from North Carolina State University</i>	10.303	2003-1290-08		2,432	2,432
<i>Pass-through from University of Florida</i>	10.303	SC000453-1-6		105,126	105,126
<i>Pass-through from University of Nebraska Lincoln</i>	10.303	25-6231-0078003		53,952	53,952
Homeland Security Agricultural	10.304		33,266	1,281,521	1,314,787
<i>Pass-through from University of Florida</i>	10.304	SC02062150-1-7		43,556	43,556
Interest Assistance Program	10.437			2,684	2,684
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	10.443			60,241	60,241
Crop Insurance	10.450		52,124	222,053	274,177
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475			4,040,519	4,040,519
Cooperative Extension Service	10.500		676,882	20,855,704	21,532,586
<i>Pass-through from American Distance     Education Consortium</i>	10.500	2002-45005-01425		22,072	22,072
<i>Pass-through from Kansas State University</i>	10.500	S03046		5,741	5,741
<i>Pass-through from Kansas State University</i>	10.500	S04053		14,096	14,096
<i>Pass-through from Mississippi State University</i>	10.500	016400-340199-03		2,864	2,864
<i>Pass-through from National 4-H Council</i>	10.500	2002-45201-01528		30,107	30,107
<i>Pass-through from National 4-H Council</i>	10.500	EYSC2	4,000	157	4,157
<i>Pass-through from North Carolina     Cooperative Extension</i>	10.500	2000-0352-18		3,248	3,248
<i>Pass-through from University of Arkansas</i>	10.500	UA AES2001-110		35,335	35,335
<i>Pass-through from University of Florida</i>	10.500	RE675-109/6331957		1,825	1,825
<i>Pass-through from University of Georgia</i>	10.500	RE675-108/5814197		10,362	10,362
Food Distribution	10.550		82,398,341	180,828	82,579,169
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		97,453,712	364,462,038	461,915,750
Child and Adult Care Food Program	10.558			149,604,132	149,604,132
State Administrative Expenses for Child Nutrition	10.560		303,365	13,082,383	13,385,748
Commodity Supplemental Food Program	10.565		3,015,212	643,703	3,658,915
Nutrition Services Incentive	10.570		1,124	2,892,738	2,893,862
WIC Farmers' Market Nutrition Program (FMNP)	10.572		234,883	1,108,247	1,343,130
Team Nutrition Grants	10.574			199,025	199,025
Foreign Market Development Cooperator Program	10.600			41,339	41,339
Market Access Program	10.601			15,000	15,000
Forest Land Enhancement Program	10.663			235,021	235,021

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For the Year Ended August 31, 2004

<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-state Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>U.S. Department of Agriculture (continued)</b>					
Cooperative Forestry Assistance	10.664			6,810,213	6,810,213
Rural Development, Forestry, and Communities	10.672			153,290	153,290
Rural Cooperative Development Grants	10.771		10,000	367,315	377,315
National Sheep Industry Improvement Center	10.774			650,000	650,000
Livestock, Meat and Poultry Market Supervision	10.800			262,514	262,514
Distance Learning and Telemedicine Loans and Grants	10.855			62,069	62,069
Soil and Water Conservation	10.902			85,494	85,494
Environmental Quality Incentives Program	10.912			65,552	65,552
Agricultural Statistics Reports	10.950			22,000	22,000
International Training--Foreign Participant	10.962			13,606	13,606
<i>Pass-through from University of Nebraska Lincoln</i>	10.962	490802290		4,927	4,927
Total - U.S. Department of Agriculture				<u>585,387,108</u>	<u>770,772,431</u>
<b>U.S. Department of Commerce</b>					
Economic Development--Support for Planning Organizations	11.302			16,493	16,493
Economic Development--Technical Assistance	11.303			188,385	188,385
Research and Evaluation Program	11.312			42,700	42,700
Trade Adjustment Assistance	11.313			914,867	914,867
Sea Grant Support	11.417			19,168	19,168
<i>Pass-through from University of Connecticut</i>	11.417	3769-FRS 528063	52,317	70,265	122,582
Coastal Zone Management Administration Awards	11.419		7,804,387	896,929	8,701,316
Coastal Zone Management Estuarine Research Reserves	11.420			36,824	36,824
Climate and Atmospheric Research	11.431			74,183	74,183
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432			750,000	750,000
Marine Mammal Data Program	11.439	S020005 / 452991-00001		21,826	21,826
Regional Fishery Management Councils	11.441			119,200	119,200
Unallied Industry Projects	11.452			4,175,237	4,175,237
Habitat Conservation	11.463			50,000	50,000
Coastal Services Center	11.473			7,743	7,743
Center for Sponsored Coastal Ocean Research--Coastal Ocean Program	11.478			96,359	96,359
Educational Partnership Program	11.481			97,852	97,852
<i>Pass-through from Howard University</i>	11.481	634554-159		226,590	226,590
Public Telecommunications Facilities-- Planning and Construction	11.550		176,990		176,990
Technology Opportunities	11.552		233,846	44,943	278,789
Manufacturing Extension Partnership	11.611		535,315	1,331,540	1,866,855
Minority Business Opportunity Committee	11.803			226,069	226,069
Total - U.S. Department of Commerce				<u>9,407,173</u>	<u>18,210,028</u>
<b>U.S. Department of Defense</b>					
U.S. Department of Defense	12.XXX	Det 840 TX S2102		45,659	45,659
U.S. Department of Defense	12.XXX	118797		4,666	4,666
U.S. Department of Defense	12.XXX	MDA904-02-1-0221		214,026	214,026
U.S. Department of Defense	12.XXX	IPA-311		16,541	16,541
U.S. Department of Defense	12.XXX	95-Lubbock		107,618	107,618
U.S. Department of Defense	12.XXX	560004	213,678		213,678
U.S. Department of Defense	12.XXX	W45XMA40336178		1,768	1,768
U.S. Department of Defense	12.XXX	DADA09-03-P0568		3,563	3,563
U.S. Department of Defense	12.XXX	AFROTCR170-1MU		60,286	60,286

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<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-state Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>U.S. Department of Defense (continued)</b>					
U.S. Department of Defense	12.XXX	DATM05-02-C0046		200,566	200,566
<i>Pass-through from Brook Army Medical Center</i>	12.XXX	117366		54,000	54,000
<i>Pass-through from Delaware State University</i>	12.XXX	3900-61		7,383	7,383
<i>Pass-through from Geomeia Research and Development</i>	12.XXX	DACA42-02-C-0033		16,480	16,480
<i>Pass-through from High Performance Technologies Inc.</i>	12.XXX	GS04501BFC0061		26,490	26,490
<i>Pass-through from National Association for Equal Opportunity</i>	12.XXX	3900-90		3,440	3,440
Procurement Technical Assistance for Business Firms	12.002		6,965	544,555	551,520
Aquatic Plant Control	12.100			180,144	180,144
Flood Control Projects	12.106			164,649	164,649
Planning Assistance to States	12.110			1,984,768	1,984,768
Payments to States in Lieu of Real Estate Taxes	12.112			1,538,934	1,538,934
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113			812,286	812,286
Collaborative Research and Development	12.114			110,687	110,687
Basic and Applied Scientific Research	12.300			235,487	235,487
<i>Pass-through from Academy of Applied Sciences, Inc.</i>	12.300	W911NF-04-1-0001		18,798	18,798
<i>Pass-through from Consortium for Oceanographic Research</i>	12.300	N00014-01-1-0994, 603650		14,844	14,844
Military Construction, National Guard	12.400			12,730,822	12,730,822
National Guard Military Operations and Maintenance (O&M) Projects	12.401			25,706,864	25,706,864
Peace Prairie II	12.402			5,995,281	5,995,281
National Guard Civilian Youth Opportunities	12.404			2,054,128	2,054,128
Military Medical Research and Development	12.420		55,455	1,899,112	1,954,567
Basic Scientific Research	12.431		29,617	1,963,107	1,992,724
<i>Pass-through from University of California at Santa Barbara</i>	12.431	KK3129, INCREMENT - (DAAD-19-03-1-0058)		60,619	60,619
<i>Pass-through from University of Washington</i>	12.431	398571 / DAAD19-01-1-0676		78,690	78,690
<i>Pass-through from University of Rhode Island</i>	12.431	112103/535231		20,639	20,639
Basic, Applied, and Advanced Research in Science and Engineering	12.630			852,685	852,685
Air Force Defense Research Sciences Program	12.800			1,587,899	1,587,899
Research and Technology Development	12.910			652,723	652,723
Total - U.S. Department of Defense				<u>305,715</u>	<u>60,275,922</u>
<b>U.S. Department of Housing and Urban Development</b>					
U.S. Department of Housing and Urban Development	14.XXX	CH-TEX -251		95,642	95,642
U.S. Department of Housing and Urban Development	14.XXX	CH TEX 293		42,002	42,002
U.S. Department of Housing and Urban Development	14.XXX	H-502-5514		269,758	269,758
U.S. Department of Housing and Urban Development	14.XXX	SA-265-1000 (S)		73,203	73,203
U.S. Department of Housing and Urban Development	14.XXX	CH-Tex-275		14,908	14,908
U.S. Department of Housing and Urban Development	14.XXX	CH-TEX-2925		43,275	43,275
U.S. Department of Housing and Urban Development	14.XXX	CH-TEX-250D-300630		93,330	93,330
U.S. Department of Housing and Urban Development	14.XXX	HBCU-TX-01-019		6,181	6,181
Community Development Block Grants/State's Program	14.228			73,916,946	73,916,946
Emergency Shelter Grants Program	14.231		4,525,496	299,943	4,825,439
Supportive Housing Program					
<i>Pass-through from Harris County Housing and Community</i>	14.235	TX01B910-027		2,300	2,300
<i>Pass-through from Harris County Housing and Community</i>	14.235	TX1B209026		1,400	1,400

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-state Entities	Expenditures	Total
<b>U.S. Department of Housing and Urban Development (continued)</b>					
Historically Black Colleges and Universities Program	14.237			231,614	231,614
HOME Investment Partnerships Program	14.239		21,223,138	3,074,634	24,297,772
Housing Opportunities for Persons with AIDS	14.241		2,877,852	72,800	2,950,652
Community Development Block Grants/Economic Development Initiative	14.246			609,829	609,829
Rural Housing and Economic Development	14.250			(50,110)	(50,110)
Fair Housing Assistance Program--State and Local	14.401			3,562	3,562
Community Outreach Partnership Center Program	14.511		69,129	276,600	345,729
Community Development Work-Study Program	14.512			45,398	45,398
Hispanic-Serving Institutions Assisting Communities	14.514			452,846	452,846
Doctoral Dissertation Research Grants	14.516			3,205	3,205
Public and Indian Housing <i>Pass-through from Lubbock Housing Authority</i>	14.850	1352-A654/B560		36,428	36,428
Demolition and Revitalization of Severely Distressed Public Housing <i>Pass-through from Dallas Housing Authority</i>	14.866	5451		31,176	31,176
Section 8 Housing Choice Vouchers	14.871			10,887,065	10,887,065
Total - U.S. Department of Housing and Urban Development			28,695,615	90,533,935	119,229,550
<b>U.S. Department of the Interior</b>					
U.S. Department of the Interior	15.XXX	02-FC-81-0835		21,219	21,219
Wildland Urban Interface Community and Rural Fire Assistance	15.228			70,515	70,515
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250			1,348,479	1,348,479
Abandoned Mine Land Reclamation (AMLR) Program	15.252			2,581,234	2,581,234
Water Reclamation and Reuse Program	15.504			6,265	6,265
Water Desalination Research and Development Program	15.506			24,606	24,606
Fish and Wildlife Management Assistance	15.608			7,606	7,606
Coastal Wetlands Planning, Protection and Restoration Act	15.614			812,158	812,158
Clean Vessel Act	15.616			82,967	82,967
Sportfishing and Boating Safety Act	15.622			(31,586)	(31,586)
North American Wetlands Conservation Fund	15.623			74,972	74,972
Wildlife Conservation and Restoration	15.625			27,033	27,033
Hunter Education and Safety Program	15.626			(454,643)	(454,643)
Landowner Incentive	15.633			52,390	52,390
State Wildlife Grants	15.634			1,762,970	1,762,970
Earthquake Hazards Reduction Program	15.807			110,206	110,206
U.S. Geological Survey--Research and Data Acquisition <i>Pass-through from Houston Advanced Research Center</i>	15.808			241,818	241,818
National Spatial Data Infrastructure Cooperative Agreements Program	15.808	CSWGCIN NBII HARC		6,902	6,902
Historic Preservation Fund Grants-In-Aid	15.809			299,296	299,296
National Natural Landmarks Program	15.904		11,786	807,785	819,571
Outdoor Recreation--Acquisition, Development and Planning	15.910			15	15
Native American Graves Protection and Repatriation Act	15.916			887,487	887,487
National Center for Preservation Technology and Training	15.922			33,228	33,228
Total - U.S. Department of the Interior	15.923		11,786	8,783,922	8,795,708

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-state Entities	Expenditures	Total
<b>U.S. Department of Justice</b>					
U.S. Department of Justice	16.XXX	TXNG00000		87,670	87,670
U.S. Department of Justice	16.XXX	14PHNP509Z		57,725	57,725
U.S. Department of Justice	16.XXX	I1PHNP522		6,194	6,194
U.S. Department of Justice	16.XXX	I2PHNP522		47,552	47,552
U.S. Department of Justice	16.XXX	I2PHNP530		5,432	5,432
U.S. Department of Justice	16.XXX	I3PHNP522		374,195	374,195
U.S. Department of Justice	16.XXX	I4PHNP522Z		150,080	150,080
U.S. Department of Justice	16.XXX	OJP-2001-C-003		27,628	27,628
Offender Reentry Program	16.202			659,960	659,960
Juvenile Accountability Incentive Block Grants	16.523		12,434,147	631,765	13,065,912
Juvenile Justice and Delinquency Prevention-- Allocation to States	16.540		4,015,106	663,362	4,678,468
<i>Pass-through from Houston-Galveston Area Council</i>	16.540	JA-013-201-03		25,345	25,345
Title V--Delinquency Prevention Program	16.548		2,350,949		2,350,949
Part E--State Challenge Activities	16.549		666,721		666,721
State Justice Statistics Program for Statistical Analysis Centers	16.550			35,000	35,000
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		4,950	386,794	391,744
Crime Laboratory Improvement--Combined Offender DNA Index System Backlog Reduction	16.564			2,610,846	2,610,846
Crime Victim Assistance	16.575		22,850,345	240,067	23,090,412
Crime Victim Compensation	16.576			28,300,450	28,300,450
Byrne Formula Grant Program	16.579		27,040,339	4,808,193	31,848,532
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580			608,870	608,870
<i>Pass-through from City of San Marcos</i>	16.580	DB-01-A10-16386-01		3,201	3,201
Crime Victim Assistance/Discretionary Grants	16.582			32,215	32,215
Violent Offender Incarceration and Truth in Sentencing Incentive Grants	16.586			2,748,006	2,748,006
Violence Against Women Formula Grants	16.588		9,632,421	277,906	9,910,327
<i>Pass-through from Tarrant County</i>	16.588	91336		32,533	32,533
Comprehensive Approaches to Sex Offender Management	16.591			1,764	1,764
Local Law Enforcement Block Grants Program	16.592		162,264	2,082,823	2,245,087
Residential Substance Abuse Treatment for State Prisoners	16.593		5,217,960	672,363	5,890,323
Corrections--Technical Assistance/Clearinghouse	16.603			51,490	51,490
State Criminal Alien Assistance Program	16.606			14,633,918	14,633,918
Bulletproof Vest Partnership Program	16.607		913	22,343	23,256
Community Prosecution and Project Safe Neighborhoods	16.609			941,322	941,322
Public Safety Partnership and Community Policing Grants	16.710			558,503	558,503
Enforcing Underage Drinking Laws Program	16.727		378,879	101,703	480,582
Total - U.S. Department of Justice			84,754,994	61,887,218	146,642,212

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-state Entities	Expenditures	Total
<b>U.S. Department of Labor</b>					
U.S. Department of Labor					
<i>Pass-through from South Texas</i>					
Community College	17.XXX	AH-121-88-0260		84,071	84,071
Labor Force Statistics	17.002			3,961,789	3,961,789
Compensation and Working Conditions	17.005			262,307	262,307
Labor Certification for Alien Workers	17.203		5,581	1,800,745	1,806,326
Unemployment Insurance	17.225		85,796	2,323,745,030	2,323,830,826
Senior Community Service Employment Program	17.235		5,487,818	50,529	5,538,347
Trade Adjustment Assistance--Workers	17.245		30,000	55,490,047	55,520,047
Job Training Partnership Act	17.250			203,115	203,115
<i>Pass-through from Middle Rio</i>					
Grande Development Council	17.250	WFB042299-74-2328157		6,760	6,760
<i>Pass-through from South Texas</i>					
Workforce Development District	17.250	74-2328157		96,979	96,979
Welfare-to-Work Grants to States and Localities	17.253		5,208,667	22,999	5,231,666
Employment and Training Pilots	17.261		656,418	776,011	1,432,429
<i>Pass-through from HGAC</i>	17.261	AH124700260	370,752	331,387	702,139
<i>Pass-through from South Plains</i>					
Workforce Board Commission	17.261	AH-12465-02-06	552,666	800,586	1,353,252
Employment and Training Administration Evaluations					
<i>Pass-through from HACU</i>	17.262	AK-10826-00-60		27,647	27,647
WIA Incentive Grants	17.267		2,084,038	884,392	2,968,430
<i>Pass-through from College for all</i>					
Texans Foundation	17.267	22-3-1-402310		5,053	5,053
Occupational Safety and Health--Susan Harwood					
Training Grants	17.502			645,705	645,705
Consultation Agreements	17.504			2,576,732	2,576,732
Women's Special Employment Assistance	17.700			18,066	18,066
Veterans' Employment Program	17.802		792,115	2,491	794,606
Total - U.S. Department of Labor			15,273,851	2,391,792,441	2,407,066,292
<b>U.S. Department of State</b>					
U.S. Department of State	19.XXX	1311-44-A612		155,461	155,461
Professional Exchange--Annual Open Grant	19.415			78,114	78,114
Educational Partnerships Program	19.424			150,479	150,479
Total - U.S. Department of State			—	384,054	384,054
<b>U.S. Department of Transportation</b>					
U.S. Department of Transportation	20.XXX	DTFH61-02X-00098		1,767	1,767
U.S. Department of Transportation	20.XXX	DDEHBC-03X-00155		36,782	36,782
U.S. Department of Transportation	20.XXX	DTSA20-03-PO1429		26,428	26,428
<i>Pass-through from Penn State University</i>	20.XXX	2318-UTNAS-R934		4,644	4,644
<i>Pass-through from South Carolina State</i>					
University Summer Transportation Institute	20.XXX	04443540NSTITST		11,175	11,175
<i>Pass-through from University of Arizona</i>	20.XXX	Y773370		32,861	32,861
Boating Safety Financial Assistance	20.005			1,915,950	1,915,950
Aviation Education	20.100			18,521	18,521
Airport Improvement Program	20.106			32,217,310	32,217,310
Highway Training and Education	20.215			106,284	106,284
<i>Pass-through from Highway Training</i>					
and Education	20.215	116939		8,286	8,286
National Motor Carrier Safety	20.218			25,535,609	25,535,609
Recreational Trails Program	20.219			1,951,115	1,951,115
Federal Transit Grants for University Research					
and Training	20.502		124,107	108,213	232,320

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<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-state Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>U.S. Department of Transportation (continued)</b>					
Federal Transit--Metropolitan Planning Grants	20.505		4,955,932	54,005	5,009,937
Formula Grants for Other Than Urbanized Areas	20.509		16,585,431		16,585,431
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513		5,786,469		5,786,469
State Planning and Research	20.515		590,082		590,082
Job Access--Reverse Commute	20.516		44,250		44,250
Pipeline Safety	20.700			1,963,085	1,963,085
University Transportation Centers Program	20.701	S900159, Amd 4, Task 9		164,134	164,134
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		20,108	639,845	659,953
U.S. Merchant Marine Academy	20.807			258,516	258,516
Total - U.S. Department of Transportation			<u>28,106,379</u>	<u>65,054,530</u>	<u>93,160,909</u>
<b>U.S. Department of Treasury</b>					
U.S. Department of Treasury	21.XXX	463600001		174,062,479	174,062,479
Low-Income Taxpayer Clinics	21.008			38,553	38,553
Gang Resistance Education and Training	21.053			66,590	66,590
Total - U.S. Department of Treasury			<u>—</u>	<u>174,167,622</u>	<u>174,167,622</u>
<b>Office of Personnel Management</b>					
Intergovernmental Personnel Act (IPA) Mobility Program	27.011			250,635	250,635
Total - Office of Personnel Management			<u>—</u>	<u>250,635</u>	<u>250,635</u>
<b>General Services Administration</b>					
Donation of Federal Surplus Personal Property	39.003		6,129,116	429,281	6,558,397
Election Reform Payments	39.011		44,691	288,823	333,514
Total - General Services Administration			<u>6,173,807</u>	<u>718,104</u>	<u>6,891,911</u>
<b>National Aeronautics and Space Administration</b>					
National Aeronautics and Space Administration	43.XXX	NCC5-13396		1,353,296	1,353,296
National Aeronautics and Space Administration	43.XXX	4118100		2,500	2,500
National Aeronautics and Space Administration	43.XXX	NAG9-1406		26,122	26,122
National Aeronautics and Space Administration	43.XXX	411260 NAG8-1874		(20,881)	(20,881)
National Aeronautics and Space Administration	43.XXX	411380 NAG4-233		4,247	4,247
National Aeronautics and Space Administration	43.XXX	410219 NAG4-210		1,330	1,330
National Aeronautics and Space Administration	43.XXX	ATP03-0001-0027		21,414	21,414
Pass-through from Advanced Ceramics Research	43.XXX	411051 P/0021170		40,354	40,354
Pass-through from Boeing	43.XXX	412040 4H04369		62,441	62,441
Pass-through from California Space Foundation	43.XXX	412280 CSFG-002-006-02		15,866	15,866
Aerospace Education Services Program	43.001		817,331	2,688,618	3,505,949
Pass-through from National Action Council for Minorities	43.001	748749		16,572	16,572
Pass-through from Society of Hispanic Professionals	43.001	NAG3-2299		1,158	1,158
Pass-through from Society of Mexican-American Engineers	43.001	NASA/MAES		1,285	1,285
Technology Transfer	43.002		188,916	622,565	811,481
Total - National Aeronautics and Space Administration			<u>1,006,247</u>	<u>4,836,887</u>	<u>5,843,134</u>

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<b>National Foundation on the Arts and the Humanities</b>					
National Foundation on the Arts and the Humanities	45.XXX	HR-50025		10,916	10,916
National Foundation on the Arts and the Humanities	45.XXX			762,600	762,600
Promotion of the Arts--Grants to Organizations and Individuals	45.024			3,348	3,348
Promotion of the Arts--Partnership Agreements	45.025			4,000	4,000
<i>Pass-through from Mid America Arts Alliance</i>	45.025	04-0461		3,150	3,150
<i>Pass-through from Texas Council     for The Humanities</i>	45.129	2004-2990		2,446	2,446
<i>Pass-through from Texas Council     for The Humanities</i>	45.129	2004-2989		4,268	4,268
<i>Pass-through from Texas Council     for The Humanities</i>	45.129	2004-3009		39,800	39,800
Promotion of the Humanities--Challenge Grants	45.130			571	571
Promotion of the Humanities--Division of Preservation and Access	45.149			40,524	40,524
Promotion of the Humanities--Seminars and Institutes	45.163			87,477	87,477
Promotion of the Humanities--Public Programs	45.164			44,322	44,322
<i>Pass-through from Library of America</i>	45.164	UTA04-052		34,810	34,810
Promotion of the Humanities--Extending the Reach Grants to Presidentially-Designated Minority Institutions	45.167			10,356	10,356
Institute of Museum and Library Services	45.301			24,226	24,226
State Library Program	45.310			9,796,716	9,796,716
Institute of Museum and Library Services-- National Leadership Grants	45.312			191,573	191,573
<i>Pass-through from Institute of     Museum and Library Services</i>	45.312	RE-01-03-0056-03		6,320	6,320
<i>Pass-through from Kent State University</i>	45.312	446654UT		1,829	1,829
<i>Pass-through from University of Nebraska</i>	45.312	LG-02-02-0063-02		658	658
Librarians for the 21st Century	45.313			39	39
Total - National Foundation on the Arts and the Humanities				—	11,069,949
<b>National Science Foundation</b>					
National Science Foundation	47.XXX	22-2-1-420570		8,128	8,128
<i>Pass-through from American Association     for The Advancement</i>	47.XXX	WISC TVL G		2,667	2,667
<i>Pass-through from HISD Institute for     Middle School Math Teachers</i>	47.XXX	HU9LNC 2004		9,075	9,075
<i>Pass-through from University of Florida</i>	47.XXX	ACI-0086044		65,130	65,130
<i>Pass-through from Brownsville Independent     School District</i>	47.XXX	ESR-9908000		59,873	59,873
<i>Pass-through from Tennessee State University</i>	47.XXX	HRD-0206028		101,584	101,584
Engineering Grants	47.041			290,740	290,740
Mathematical and Physical Sciences	47.049			420,173	420,173
<i>Pass-through from California State     University - Northridge</i>	47.049	DMR-0307170		30,347	30,347
<i>Pass-through from Institute for Advanced Study</i>	47.049	IAS-HER-0314808		112,675	112,675
<i>Pass-through from Brownsville Independent     School District</i>	47.049	ESR-9908000		74,140	74,140
<i>Pass-through from University of Florida</i>	47.049	UF01076		63,474	63,474
<i>Pass-through from Rice University</i>	47.049	R37131-84600001		17,631	17,631
<i>Pass-through from University of Notre Dame</i>	47.049	920567		9,735	9,735
Geosciences	47.050			129,697	129,697

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<b>National Science Foundation (continued)</b>					
Computer and Information Science and Engineering					
<i>Pass-through from National Science Foundation</i>	47.070			1,470	1,470
<i>Pass-through from University of Illinois</i>	47.070	780REU1129A		2,942	2,942
Biological Sciences	47.074			41,183	41,183
Social, Behavioral, and Economic Sciences	47.075			79,158	79,158
Education and Human Resources	47.076		34,882	4,318,508	4,353,390
<i>Pass-through from Collin County</i>					
<i>Community College</i>	47.076	G72002		4,497	4,497
<i>Pass-through from Houston Independent</i>					
<i>School District</i>	47.076	ESR-9816227		1,234	1,234
<i>Pass-through from Houston Independent</i>					
<i>School District</i>	47.076	HU-LINC		1,869	1,869
Total - National Science Foundation			<u>34,882</u>	<u>5,845,930</u>	<u>5,880,812</u>
<b>Small Business Administration</b>					
Small Business Administration	59.XXX	SBAHQ-02-R-0008	14,000	11,322	25,322
Small Business Administration	59.XXX	1322		4,400	4,400
Small Business Administration	59.XXX	SBA-HQ-01-J-0026		39	39
Small Business Administration	59.XXX	5015H0162A000009		16,000	16,000
Small Business Development Center	59.037		1,278,813	3,290,344	4,569,157
<i>Pass-through from American Liaison Office</i>	59.037	732678		83,170	83,170
<i>Pass-through from Dallas County</i>					
<i>Community College</i>	59.037	4-603001-z-0046-18		75,905	75,905
<i>Pass-through from Iowa State University</i>	59.037	435-08-04		104,060	104,060
<i>Pass-through from Science and</i>					
<i>Engineering Alliance, Inc</i>	59.037	SEA/EPA0014		12,127	12,127
Women's Business Ownership Assistance	59.043			32,580	32,580
Veterans Entrepreneurial Training and Counseling	59.044			154,437	154,437
Total - Small Business Administration			<u>1,292,813</u>	<u>3,784,384</u>	<u>5,077,197</u>
<b>Department of Veterans Affairs</b>					
Department of Veterans Affairs	64.XXX	114248VAR		120,903	120,903
Department of Veterans Affairs	64.XXX	116123VAR		26,227	26,227
Department of Veterans Affairs	64.XXX	117896		266,511	266,511
Department of Veterans Affairs	64.XXX	118643		29,020	29,020
Department of Veterans Affairs	64.XXX	118785		18,178	18,178
Department of Veterans Affairs	64.XXX	118800		45,811	45,811
Grants to States for Construction of State					
Home Facilities	64.005			8,223,010	8,223,010
Veterans Prosthetic Appliances	64.013			46,574	46,574
Veterans State Nursing Home Care	64.015			10,956,075	10,956,075
Vocational Rehabilitation for Disabled Veterans	64.116			565	565
All-Volunteer Force Educational Assistance	64.124		20,994	581,428	602,422
Vocational and Educational Counseling for					
Service members and Veterans	64.125			5,398	5,398
State Cemetery Grants	64.203			2,411,010	2,411,010
Total - Department of Veterans Affairs			<u>20,994</u>	<u>22,730,710</u>	<u>22,751,704</u>
<b>Environmental Protection Agency</b>					
Environmental Protection Agency	66.XXX	CS-48000101	210,204		210,204
Environmental Protection Agency	66.XXX	C480001-02,04,06,07	22,253,243	833,758	23,087,001
Environmental Protection Agency	66.XXX	NP-97644401		112,836	112,836
Environmental Protection Agency	66.XXX	HG-98623601	384,929		384,929
Environmental Protection Agency	66.XXX	582-4-70442		6,092	6,092
Air Pollution Control Program Support	66.001		97,145	259,634	356,779

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<b>Environmental Protection Agency (continued)</b>					
State Indoor Radon Grants	66.032			6,767	6,767
Surveys, Studies Investigations, Demonstrations and Special Purpose Activities Relating to Clean Air Act	66.034			1,319,196	1,319,196
<i>Pass-through from University of Utah</i>	66.034	2301012-S4		227,947	227,947
Water Pollution Control--State and Interstate Program Support	66.419			2,653,642	2,653,642
State Underground Water Source Protection	66.433			651,003	651,003
Surveys, Studies Investigations, Demonstrations and Training Grants and Cooperative Agreements	66.436			39,348	39,348
Water Quality Management Planning	66.454			557,123	557,123
National Estuary Program	66.456			654,319	654,319
<i>Pass-through from Coastal Bend Bays and Estuaries Program</i>	66.456	401		7,440	7,440
Capitalization Grants for State Revolving Funds	66.458		1,647,393	82,085,032	83,732,425
Nonpoint Source Implementation Grant	66.460			7,565,648	7,565,648
Wetlands Grants	66.461			38	38
Wastewater Operator Training Grant Program (Technical Assistance)	66.467			50,357	50,357
Capitalization Grants for Drinking Water State Revolving Fund	66.468		40,252,681	6,064,717	46,317,398
State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	66.471			148,561	148,561
Beach Monitoring and Notification Program Development Grants	66.472		46,486	31,171	77,657
Water Protection Coordination Grants to States	66.474			129,923	129,923
Water Security Training and Technical Assistance	66.478			11,917	11,917
Environmental Protection Consolidated Research Performance Partnership Grants	66.500 66.605			2,487,300 27,258,917	2,487,300 27,258,917
Surveys, Studies, Investigations and Special Purpose Grants	66.606		131,290	2,129,829	2,261,119
<i>Pass-through from Arkansas Department of Environmental Quality</i>	66.606	05-119-00007		19,323	19,323
<i>Pass-through from Water Environment Research Foundation</i>	66.606	X-83085101-0	23,452	39,092	62,544
Training and Fellowships for the Environmental Protection Agency	66.607			17,193	17,193
State Information Grants	66.608			22,202	22,202
Consolidated Pesticide Enforcement Cooperative Agreements	66.700			1,241,308	1,241,308
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701			118,290	118,290
TSCA Title IV State Lead Grants - Certification of Lead-Based Paint Professionals	66.707			230,895	230,895
Pollution Prevention Grants Program	66.708		8,000	194,883	202,883
Capacity Building Grants and Cooperative Agreements for States and Tribes	66.709			8,301	8,301
Pesticide Environmental Stewardship--Regional Grants	66.714			56,070	56,070
Source Reduction Assistance	66.717			4,597	4,597

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<b>Environmental Protection Agency (continued)</b>					
Superfund State Political Subdivision, and Indian Tribe Site--Specific Cooperative Agreements	66.802			3,527,800	3,527,800
Leaking Underground Storage Tank--Trust Fund	66.805			2,787,099	2,787,099
Solid Waste Management Assistance	66.808			35,187	35,187
Superfund State and Indian Tribe Core Program-- Cooperative Agreements	66.809			447,350	447,350
Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements	66.814			8,344	8,344
State and Tribal Response Program Grants	66.817			177,453	177,453
Pesticide Poisoning - Child Prevention	66.930			9,603	9,603
Environmental Education Grants	66.951			64,599	64,599
Total - Environmental Protection Agency				<u>65,054,823</u>	<u>144,302,104</u>
<b>U.S. Department of Energy</b>					
U.S. Department of Energy	81.XXX	ACQ-4-33623-06		42,165	42,165
<i>Pass-through from Stanford University/Linear Accelerator Lab</i>	81.XXX	DE-AC03-76-SF-00515		109,487	109,487
<i>Pass-through from University of California Los Alamos National Lab</i>	81.XXX	40138-001-02		152,945	152,945
<i>Pass-through from University of Nebraska-Omaha</i>	81.XXX	2004-008a-SC1		10,447	10,447
Energy-Related Inventions	81.036			38,620	38,620
State Energy Program	81.041		3,843,931	769,012	4,612,943
Weatherization Assistance for Low-Income Persons	81.042		5,437,220	367,390	5,804,610
Office of Science Financial Assistance Program	81.049			138,898	138,898
Office of Scientific and Technical Information	81.064			1,873	1,873
Fossil Energy Research and Development	81.089			48,611	48,611
Nuclear Energy Research Initiative	81.092		6,458	697,191	703,649
Academic Partnerships					
<i>Pass-through from Clark-Atlanta University Academic Partnerships</i>	81.102	DE-FC02-02EW15254		24,401	24,401
Office of Science and Technology for Environmental Management	81.104			798,902	798,902
National Industrial Competitiveness through Energy, Environment, and Economics	81.105			77,000	77,000
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	81.106			309,272	309,272
Epidemiology and Other Health Studies Financial Assistance Program					
<i>Pass-through from Drexel University</i>	81.108	23-1352630		73,214	73,214
University Nuclear Science and Reactor Support	81.114			454,362	454,362
<i>Pass-through from Penn State University</i>	81.114	2582-UTA-DOE-4423		5,074	5,074
State Energy Program Special Projects	81.119			702,767	702,767
Total - U.S. Department of Energy				<u>9,287,609</u>	<u>4,821,631</u>
<b>United States Information Agency</b>					
United States Information Agency					
<i>Pass-through from Louis Berger Group</i>	82.XXX	G200101-10-US		35	35
Total - United States Information Agency				<u>—</u>	<u>35</u>
<b>Federal Emergency Management Agency</b>					
Federal Emergency Management Agency	83.XXX	FEMA-1274-UN		34,070	34,070
Federal Emergency Management Agency	83.XXX	FEMA-1257-UN	4,431,727	600	4,432,327
Federal Emergency Management Agency	83.XXX	FEMA-1257-UN		320,441	320,441
Total - Federal Emergency Management Agency				<u>4,752,168</u>	<u>34,670</u>
				<u>144,302,104</u>	<u>209,356,927</u>

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<b>U.S. Department of Education</b>					
U.S. Department of Education	84.XXX	T195A990069		290,488	290,488
U.S. Department of Education	84.XXX	T195E980060		89,027	89,027
U.S. Department of Education	84.XXX	T195E990019		209,751	209,751
U.S. Department of Education	84.XXX	42-3J46-6-0597A		27,744	27,744
U.S. Department of Education	84.XXX	92-TX04		40,417	40,417
U.S. Department of Education	84.XXX	580004	147,731		147,731
<i>Pass-through from Amer Council on Education</i>	84.XXX	UTA02-228		77,244	77,244
<i>Pass-through from San Antonio Independent School District</i>	84.XXX	3901-21		10,844	10,844
<i>Pass-through from University of California</i>	84.XXX	98-TX08		38,896	38,896
<i>Pass-through from University of California at Berkeley</i>	84.XXX	13/92-TX03		43,000	43,000
Adult Education--State Grant Program	84.002		43,453,925	3,469,122	46,923,047
<i>Pass-through from Jackson State University</i>	84.002	P116z010067		10,583	10,583
Title I Grants to Local Educational Agencies	84.010		1,050,432,590	6,824,547	1,057,257,137
Migrant Education--State Grant Program	84.011		60,716,742	813,380	61,530,122
Title I Program for Neglected and Delinquent Children	84.013		3,833	2,844,619	2,848,452
Undergraduate International Studies and Foreign Language Programs	84.016			62,608	62,608
Special Education-Personnel Development and Parent Training	84.029			65,982	65,982
Higher Education--Institutional Aid	84.031			15,254,602	15,254,602
<i>Pass-through from Houston Community College System</i>	84.031	5015D0021G000465		70,036	70,036
Vocational Education--Basic Grants to States	84.048		71,915,567	10,682,740	82,598,307
<i>Pass-through from Weatherford College</i>	84.048	38444		176,373	176,373
Leveraging Educational Assistance Partnership	84.069			5,896,847	5,896,847
Women's Educational Equity Act Program	84.083			35,223	35,223
Fund for the Improvement of Postsecondary Education	84.116		80,839	2,472,677	2,553,516
<i>Pass-through from American String Teachers Association</i>	84.116	1354-44-1068		6,182	6,182
<i>Pass-through from Baylor College of Medicine</i>	84.116	03LM030001FHN		2,619	2,619
<i>Pass-through from Con-Ict Exchange</i>	84.116	TXUC-2002		(251)	(251)
<i>Pass-through from Our Lady of the Lake</i>	84.116	117271		2,214	2,214
<i>Pass-through from University of Maryland</i>	84.116	P116B001381		11,154	11,154
Minority Science and Engineering Improvement	84.120			216,959	216,959
<i>Pass-through from N.S.F.</i>	84.120	P120a60129-98		3	3
Rehabilitation Services--Vocational Rehabilitation Grants to States	84.126			179,183,188	179,183,188
Rehabilitation Long-Term Training	84.129			1,310,967	1,310,967
<i>Pass-through from San Diego State University</i>	84.129	50936dpi2087802212		5,677	5,677
National Institute on Disability and Rehabilitation Research	84.133			19,824	19,824
<i>Pass-through from Cerebral Palsy Research Foundation of Kansas</i>	84.133	H133B010901		97,640	97,640
Migrant Education--High School Equivalency Program	84.141			2,590,558	2,590,558
College Housing and Academic Facilities Loans	84.142			202,474	202,474
Migrant Education--Coordination Program	84.144			576,176	576,176
Migrant Education--College Assistance Migrant Program	84.149			2,147,861	2,147,861
Business and International Education Projects	84.153			181,376	181,376
Immigrant Education	84.162		(563)		(563)
Eisenhower Professional Development--Federal Activities	84.168			12,905	12,905

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<b>U.S. Department of Education (continued)</b>					
Independent Living--State Grants	84.169			1,086,391	1,086,391
Paul Douglas Teacher Scholarship	84.176			(976,714)	(976,714)
Rehabilitation Services--Independent Living Services for Older Individuals Who are Blind	84.177			1,771,465	1,771,465
Special Education--Grants for Infants and Families with Disabilities	84.181		28,459,286	2,388	28,461,674
Safe and Drug-Free Schools and Communities-- National Programs	84.184		2,791,958		2,791,958
Byrd Honors Scholarships	84.185		345,750	2,837,688	3,183,438
Safe and Drug-Free Schools and Communities--State Grants	84.186		39,506,954	1,285,609	40,792,563
<i>Pass-through from Houston-Galveston Area Council</i>	84.186	ED-017-201-03		36,439	36,439
Supported Employment Services for Individuals with Severe Disabilities	84.187			2,809,081	2,809,081
Adult Education--National Leadership Activities <i>Pass-through from Temple University</i>	84.191	V191A000058A		65,697	65,697
Bilingual Education--Professional Development <i>Pass-through from Aldine Independent School District</i>	84.195	A065		4,160	4,160
<i>Pass-through from Intercultural Development Research Association</i>	84.195	3B3842004		4,406,370	4,406,370
<i>Pass-through from Intercultural Development Research Association</i>	84.195	3B3872004		1,681	1,681
Education for Homeless Children and Youth	84.196		4,668,087		4,668,087
Javits Gifted and Talented Students Education Grant Program	84.206			167,949	167,949
Even Start--State Educational Agencies <i>Pass-through from Avance-El Paso Independent School District</i>	84.213		23,473,114	880,881	24,353,995
<i>Pass-through from Beaumont Independent School District</i>	84.213	3B3882004		5,991	5,991
<i>Pass-through from Beaumont Independent School District</i>	84.213	214287		35,961	35,961
<i>Pass-through from Beaumont Independent School District</i>	84.213	230780		129,476	129,476
<i>Pass-through from Dallas Independent School District</i>	84.213	268544		6,490	6,490
<i>Pass-through from Dallas Independent School District</i>	84.213	3B3942004		2,058	2,058
<i>Pass-through from Houston Independent School District</i>	84.213	3B5182004		2,115	2,115
<i>Pass-through from Midland Independent School District</i>	84.213	3B4932004		5,966	5,966
<i>Pass-through from Northside Independent School District</i>	84.213	3B4402004		6,932	6,932
<i>Pass-through from San Angelo Housing Support, Inc. Even Start Program</i>	84.213	3B3992004		7,541	7,541
<i>Pass-through from San Marcos CISD</i>	84.213	3B4712004		9,784	9,784
<i>Pass-through from San Marcos CISD</i>	84.213	3B4862004		4,877	4,877
<i>Pass-through from Socorro Independent School District</i>	84.213	3B4102004		7,935	7,935
<i>Pass-through from Tulsa-Midway Independent School District</i>	84.213	3B3792004		3,308	3,308

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<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-state Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>U.S. Department of Education (continued)</b>					
<i>Pass-through from Tulsa-Midway Independent School District</i>	84.213	3B3802004		7,554	7,554
<i>Pass-through from Weatherford Independent School District</i>	84.213	3B3352004		169	169
Even Start--State Educational Agencies					
<i>Pass-through from Weatherford Independent School District</i>	84.213	3B3892004		7,176	7,176
Fund for the Improvement of Education	84.215			1,400,579	1,400,579
<i>Pass-through from Education Service Center Region 2</i>	84.215			23,012	23,012
<i>Pass-through from Education Service Center Region 2</i>	84.215	602300602610		34,232	34,232
<i>Pass-through from Hays Consolidated Independent School District</i>	84.215	U215X030357		77,347	77,347
<i>Pass-through from Region V</i>	84.215	696-FD-2-3-A0021		95,139	95,139
Capital Expenses	84.216		16,127		16,127
Centers for International Business Education	84.220			374,499	374,499
Rehabilitation Services Demonstration and Training-- Special Demonstration Programs	84.235			2,515,129	2,515,129
Tech-Prep Education	84.243		10,197,050	1,411,254	11,608,304
<i>Pass-through from Tech Prep Rio Grande Valley</i>	84.243	41721		17,540	17,540
Rehabilitation Short-Term Training	84.246			9,805	9,805
Rehabilitation Training--Continuing Education	84.264			550,422	550,422
Rehabilitation Training--State Vocational Rehabilitation Unit In-Service Training	84.265			442,735	442,735
Goals 2000-State and Local Education Systemic Improvement Grants	84.276		68,682	(3,092)	65,590
Goals 2000	84.278			295,890	295,890
Eisenhower Professional Development State Grants	84.281		266,395	858,644	1,125,039
<i>Pass-through from Galveston College</i>	84.281	UTA02-241		5,004	5,004
Charter Schools	84.282		11,856,485	338,378	12,194,863
Comprehensive Regional Assistance Centers <i>Pass-through from University of Oklahoma</i>	84.283	502230BP		118,737	118,737
Twenty-First Century Community Learning Centers	84.287		20,247,555	1,587,074	21,834,629
Foreign Language Assistance	84.293		(6,748)	245,792	239,044
Ready-To-Learn Television <i>Pass-through from Corporation for Public Broadcasting</i>	84.295	1369-44-B044		37,758	37,758
<i>Pass-through from Public Broadcasting Service</i>	84.295	R295A0002		30,198	30,198
Innovative Education Program Strategies	84.298		30,107,632	726,135	30,833,767
<i>Pass-through from National Writing Project Corp</i>	84.298	04-tx14		20,221	20,221
Regional Technology in Education Consortia <i>Pass-through from SW Educational Development Lab</i>	84.302	48487-49279		148,385	148,385
National Institute on Student Achievement, Curriculum, and Assessment	84.305			512,376	512,376
<i>Pass-through from Tamurf</i>	84.305	S040010		21,140	21,140
National Institute on Postsecondary Education, Libraries, and Lifelong Learning	84.309			5,304	5,304
Parental Assistance Centers <i>Pass-through from Community Action, Inc.</i>	84.310	3B3772004		68,350	68,350
Capacity Building for Traditionally Underserved Populations	84.315			281,496	281,496

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<b>U.S. Department of Education (continued)</b>					
Technology Literacy Challenge Fund Grants	84.318		62,409,934	1,619,018	64,028,952
<i>Pass-through from Marshall Independent     School District</i>	84.318	DC-TARGET01		63,000	63,000
Special Education--Research and Innovation to Improve Services and Results for Children with Disabilities	84.324		7,895	5,699	13,594
Special Education--Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325			2,579,532	2,579,532
<i>Pass-through from University of North     Carolina-Chapel Hill</i>	84.325	UNC NO 5-54370		25	25
<i>Pass-through from University of     Southern Mississippi</i>	84.325	H325A020083		85,608	85,608
Special Education--Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326		(5,455)	498,077	492,622
Special Education--Technology and Media Services for Individuals with Disabilities	84.327			4,936	4,936
Advanced Placement Program	84.330			730,110	730,110
<i>Pass-through from State of Maryland</i>	84.330	510004	61,560	664,314	725,874
Grants to States for Incarcerated Youth Offenders	84.331			1,288,250	1,288,250
Comprehensive School Reform Demonstration	84.332		20,348,574	817,285	21,165,859
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		1,854,902	11,983,615	13,838,517
<i>Pass-through from Baylor University</i>	84.334	P334A990387	186,697		186,697
<i>Pass-through from Houston Independent     School District</i>	84.334	5-55112		1,137	1,137
<i>Pass-through from SPC South Plains Tech Prep</i>	84.334	1352-44-A775		16,293	16,293
Child Care Access Means Parents in School	84.335			388,072	388,072
<i>Pass-through from South Texas     Workforce Development Board</i>	84.335	74-2328157		20,656	20,656
Teacher Quality Enhancement Grants	84.336			610,687	610,687
Reading Excellence	84.338		180,053	4,721	184,774
Learning Anytime Anywhere Partnerships	84.339			300,252	300,252
<i>Pass-through from University of Puerto Rico</i>	84.339	LAAP 4008761		18,063	18,063
Class Size Reduction	84.340		(5,200)		(5,200)
Preparing Tomorrow's Teachers to Use Technology	84.342			1,193,884	1,193,884
<i>Pass-through from Marquette University</i>	84.342	P3424000086-02		9,486	9,486
Occupational and Employment Information State Grants	84.346			299,413	299,413
Title I Accountability Grants	84.348		(146,277)		(146,277)
Early Childhood Educator Professional Development	84.349			862,015	862,015
Transition to Teaching	84.350		61,040	929,128	990,168
School Renovation Grants	84.352		(505,702)	(5,530)	(511,232)
Child Care Provider Loan Forgiveness Demonstration	84.355			15,815	15,815
Reading First State Grants	84.357		51,449,578	8,494,698	59,944,276
Rural Education Achievement Program	84.358		6,875,858	241,495	7,117,353
Early Reading First					
<i>Pass-through from Tehama Independent     School District</i>	84.359	811079-CIRCLE		20,976	20,976
<i>Pass-through from Tehama Independent     School District</i>	84.359	S359B030606		12,801	12,801
<i>Pass-through from Utah Navajo     Development Council</i>	84.359	S359B030972		9,870	9,870
English Language Acquisition State Formula Grant	84.365		77,638,486	1,099,272	78,737,758

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<b>U.S. Department of Education (continued)</b>					
Mathematics and Science Partnerships	84.366		4,302	319,341	323,643
Improving Teacher Quality State Grants	84.367		245,968,398	8,219,575	254,187,973
<i>Pass-through from Galveston College</i>	84.367	424005-UTA03-241		2,774	2,774
Grants for State Assessments and Related Activities	84.369			36,232,409	36,232,409
DIF Detection Procedures for NAEP Data Analysis	84.902			7,957	7,957
National Writing Project	84.928			22,213	22,213
<i>Pass-through from National Writing Corporation</i>	84.928	00-TX09		33,838	33,838
<i>Pass-through from University of California     at Berkeley</i>	84.928	92-TX06		35,814	35,814
Total - U.S. Department of Education			1,865,133,634	342,811,390	2,207,945,024
<b>National Archives and Records Administration</b>					
National Historical Publications and Records Grants	89.003			1,735,235	1,735,235
Total - National Archives and Records Administration			—	1,735,235	1,735,235
<b>U.S. Department of Health and Human Services</b>					
U.S. Department of Health and Human Services	93.XXX	IPA S		15,064	15,064
U.S. Department of Health and Human Services	93.XXX	0404P034632		15,771	15,771
U.S. Department of Health and Human Services	93.XXX	021PA24672/70		20,550	20,550
U.S. Department of Health and Human Services	93.XXX	118879VAR		3,899	3,899
U.S. Department of Health and Human Services	93.XXX	117902		104,915	104,915
U.S. Department of Health and Human Services	93.XXX	CMS-03-00279		36,368	36,368
U.S. Department of Health and Human Services	93.XXX	104503		(3)	(3)
U.S. Department of Health and Human Services	93.XXX	283-02-9026	8,091	199,566	207,657
U.S. Department of Health and Human Services	93.XXX	100603		17,716	17,716
U.S. Department of Health and Human Services	93.XXX	115856		33,852	33,852
U.S. Department of Health and Human Services	93.XXX	03T03001301D		5,000	5,000
U.S. Department of Health and Human Services	93.XXX	N01 AR-0-2249 04	193,520	364,830	558,350
<i>Pass-through from Alliance Community     Health Plan</i>	93.XXX	102076		95,965	95,965
<i>Pass-through from Amersa</i>	93.XXX	6U78HP00001-03-01		11,259	11,259
<i>Pass-through from Centro De Salud     Familiar La Fe, Inc</i>	93.XXX	LF/CDC U64		24,536	24,536
<i>Pass-through from Courtesy Associates</i>	93.XXX	115710VAR		4,871	4,871
<i>Pass-through from Dartmouth College</i>	93.XXX	104668		1,790	1,790
<i>Pass-through from Houston Academy     of Medicine-Texas Medical Center Library</i>	93.XXX	104802		73,366	73,366
<i>Pass-through from National Network     Libraries of Medicine</i>	93.XXX	117836VAR		90,412	90,412
<i>Pass-through from Respite Care of San Antonio</i>	93.XXX	118516		40,323	40,323
<i>Pass-through from Social and Health Service</i>	93.XXX	116927		9,456	9,456
<i>Pass-through from Westat Inc.</i>	93.XXX	N02 CP-021169 02		9,538	9,538
<i>Pass-through from Westat Inc.</i>	93.XXX	N02 CP-071103 01		(13,666)	(13,666)
Public Health and Social Services Emergency Fund	93.003		30,138,160	463,087	30,601,247
Medical Reserve Corps Small Grant Program	93.008	118008		29,125	29,125
Special Programs for the Aging--Title VII, Chapter 3--Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041			351,527	351,527
Special Programs for the Aging--Title VII, Chapter 2--Long Term Care Ombudsman Services for Older Individuals	93.042			869,183	869,183
<i>Pass-through from City of Houston</i>	93.042	FC55472		277,726	277,726
Special Programs for the Aging--Title III, Part D-- Disease Prevention and Health Promotion Services	93.043			78,339	1,022,398

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<b>U.S. Department of Health and Human Services (continued)</b>					
Special Programs for the Aging--Title IV-- and Title II--Discretionary Projects	93.048		42,951	483,743	526,694
National Family Caregiver Support	93.052		12,746,883		12,746,883
Food and Drug Administration--Research	93.103			52,358	52,358
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104			1,466,431	1,466,431
Model State-Supported Area Health Education Centers	93.107		233,529	538,505	772,034
Maternal and Child Health Federal Consolidated Programs	93.110		273,363	1,531,972	1,805,335
Biological Response to Environmental Health Hazards	93.113			76,302	76,302
Biometry and Risk Estimation--Health Risks from Environmental Exposures	93.115			73,520	73,520
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		3,291,059	2,921,940	6,212,999
<i>Pass-through from University of California - San Diego</i>	93.116	N01 HR-36157		15,595	15,595
Grants for Preventive Medicine	93.117			(5,892)	(5,892)
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118		114,827	178,203	293,030
Grants for Technical Assistance Activities Related to the Block Grant for Community Mental Health Services	93.119			73,741	73,741
Oral Diseases and Disorders Research	93.121			1,289,648	1,289,648
Nurse Anesthetist Traineeships	93.124			8,992	8,992
Emergency Medical Services for Children Primary Care Services--Resource Coordination and Development	93.127			49,891	49,891
	93.130			233,694	233,694
Injury Prevention and Control Research and State and Community Based Programs	93.136		3,135,018	263,391	3,398,409
AIDS Education and Training Centers <i>Pass-through from Dallas County Hospital District</i>	93.145	204401260		66,668	66,668
Projects for Assistance in Transition from Homelessness (PATH)	93.150		75,000	2,785,435	2,860,435
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153		185,301	1,058,874	1,244,175
Geriatric Training for Physicians, Dentists and Behavioral/Mental Health Professionals	93.156			499,877	499,877
Centers of Excellence	93.157		102,507	2,357,634	2,460,141
Health Program for Toxic Substances and Disease Registry	93.161			481,943	481,943
Grants for State Loan Repayment	93.165			133,389	133,389
Nursing Workforce Diversity	93.178			194,839	194,839
Podiatric Residency Training in Primary Care	93.181			206,463	206,463
Health Education and Training Centers	93.189		263,504	383,037	646,541
<i>Pass-through from University of California</i>	93.189	115372	78,332	12,218	90,550
Allied Health Special Projects	93.191			398,903	398,903
Quentin N. Burdick Programs for Rural Interdisciplinary Training <i>Pass-through from Harrington Regional Medical Center</i>	93.192	K-501-1-17		(50)	(50)
Childhood Lead Poisoning Prevention Projects-- State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Levels in Children	93.197		386,211	364,874	751,085

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<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-state Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>U.S. Department of Health and Human Services (continued)</b>					
Rural Telemedicine Grants	93.211		61,700	694,459	756,159
Hansen's Disease National Ambulatory Care Program	93.215		102,854	178,715	281,569
Family Planning--Services	93.217		11,109,509	3,603,815	14,713,324
<i>Pass-through from International Resource Group</i>	93.217	10312002 01212004		23,487	23,487
Research on Healthcare Costs, Quality and Outcomes	93.226			293,537	293,537
Consolidated Knowledge Development and Application (KD&A) Program	93.230		3,714,543	863,113	4,577,656
<i>Pass-through from Alabama A&amp;M University</i>	93.230	00-52100-9616		39,718	39,718
Traumatic Brain Injury--State Demonstration Grant Program	93.234			29,099	29,099
Abstinence Education	93.235		4,212,139	636,316	4,848,455
Grants for Dental Public Health Residency Training	93.236			32,716	32,716
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	93.238			67,798	67,798
<i>Pass-through from Cooperative Agreements for     State Treatment Outcomes and Performance</i>	93.238	116677		54,284	54,284
Policy Research and Evaluation Grants	93.239			5,584	5,584
State Rural Hospital Flexibility Program	93.241			437,179	437,179
Mental Health Research Grants	93.242			286,268	286,268
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243		141,441	101,618	243,059
<i>Pass-through from Center for Healthcare</i>	93.243	116241VAR		204,859	204,859
<i>Pass-through from University of Cincinnati</i>	93.243	N01 DA-9-8095		300,070	300,070
Advanced Education Nursing Grant Program	93.247			1,074,826	1,074,826
Public Health Training Centers Grant Program	93.249			281,982	281,982
Community Access Program	93.252		291,244	140,289	431,533
Poison Control Stabilization and Enhancement Grants	93.253		993	306,355	307,348
State Planning Grant-Health Care Access for the Uninsured	93.256			126,925	126,925
Rural Access to Emergency Devices Grant	93.259		(527)	231,498	230,971
Occupational Safety and Health Research Grants	93.262			284,916	284,916
Occupational Safety and Health--Training Grants	93.263		1,609	1,091,896	1,093,505
Immunization Grants	93.268		5,491,029	118,716,202	124,207,231
Alcohol National Research Service Awards for Research Training	93.272			32,507	32,507
Career Development Awards	93.277			65,684	65,684
Drug Abuse National Research Service Awards for Research Training	93.278			27,383	27,383
Drug Abuse Research Programs	93.279			(75)	(75)
<i>Pass-through from University of Alabama</i>	93.279	R01 DA12215		677,261	677,261
Mental Health Research Career/Scientist Development Awards	93.281			291,608	291,608
Mental Health National Research Service Awards for Research Training	93.282			257,217	257,217
Centers for Disease Control and Prevention-- Investigations and Technical Assistance	93.283		35,750,548	24,680,681	60,431,229
<i>Pass-through from Hispanics Serving     Health Professionals School</i>	93.283	118494VAR		124,432	124,432
<i>Pass-through from Southwest Center     for Pediatric Environmental Health</i>	93.283	521553060		111,720	111,720
Biomedical Imaging Research	93.286		157,668	237,639	395,307
<i>Pass-through from University of Pittsburgh</i>	93.286	107964-1		24,313	24,313
Bioengineering Research	93.287			566,484	566,484

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<b>U.S. Department of Health and Human Services (continued)</b>					
Advanced Nurse Education	93.299			(7,115)	(7,115)
National Center for Health Workforce Analysis <i>Pass-through from University of Medicine and Dentistry of New Jersey (UMDNJ)</i>	93.300	1 R25 RR018490 01		15,666	15,666
Small Rural Hospital Improvement Grants Comparative Medicine <i>Pass-through from Southwestern Foundation for Biomedical Research</i>	93.301			636,876	636,876
Loan Repayment for Health Disparities Research Clinical Research	93.306 93.307 93.333	116702VAR		28,618	28,618
Advanced Education Nursing Traineeships	93.307		76,608	407,950	484,558
Basic Nurse Education and Practice Grants	93.333		15,000	457,703	472,703
Nursing Research	93.358			598,433	598,433
Minority Biomedical Research Support <i>Pass-through from Texas College</i>	93.359		110,796	937,760	1,048,556
Research Infrastructure	93.361			37,131	37,131
Cancer Treatment Research <i>Pass-through from Axis Healthcare Communications LLC</i>	93.375 93.375	750917417		852,804	852,804
<i>Pass-through from Dudnyk Healthcare Group</i>	93.375			132,545	132,545
<i>Pass-through from Duke University</i>	93.389		134,546	1,110,410	1,244,956
<i>Pass-through from Duke University</i>	93.395			58,168	58,168
<i>Pass-through from John Wayne Cancer Institute</i>	93.395	4 R44 CA088088 02		52,541	52,541
Cancer Biology Research	93.395	7 R44 CA088088 02		306	306
Cancer Centers Support Grants	93.395	2 U10 CA076001 04		121	121
Cancer Research Manpower	93.395	5 U10 CA076001 07		25,045	25,045
<i>Pass-through from University of Washington - Seattle</i>	93.395	103913CCOMSMC		3,684	3,684
Cancer Control	93.396			7,430	7,430
<i>Pass-through from Baylor College of Medicine</i>	93.397			265,104	265,104
<i>Pass-through from Memorial Sloan-Kettering Cancer Center</i>	93.398	5 R25 CA092055 03		5,893,081	5,893,081
<i>Pass-through from Southwest Oncology Group</i>	93.398			61,307	61,307
<i>Pass-through from University of California - Davis</i>	93.399		41,478	1,561,419	1,602,897
Promoting Safe and Stable Families <i>Pass-through from Lubbock Regional MHMR</i>	93.399	5 U01 CA086117 02		380	380
Temporary Assistance for Needy Families <i>Pass-through from South Plains Reg Workforce Development Board</i>	93.399	5 R01 CA090514 02		85,419	85,419
Family Support Payments to States--Assistance Payments	93.399	742618443		4,603	4,603
Child Support Enforcement	93.399			131,451	131,451
Child Support Enforcement Research	93.556		11,834,207	22,136,498	33,970,705
Refugee and Entrant Assistance--State Administered Programs	93.556	1352-44-A850		113,659	113,659
Low-Income Home Energy Assistance	93.558		87,675,581	471,230,858	558,906,439
Community Services Block Grant	93.558	0204TANTTU		128,120	128,120
Community Services Block Grant--Discretionary Awards	93.560			2,565	2,565
<i>Pass-through from National Youth Sports Corp</i>	93.563		879,960	184,721,354	185,601,314
<i>Pass-through from National Collegiate Athletic Association</i>	93.564		2,651	201,811	204,462
<i>Pass-through from National Collegiate Athletic Association</i>	93.566		1,527,399	8,831,195	10,358,594
	93.568		43,957,711	1,187,143	45,144,854
	93.569		30,308,116	986,548	31,294,664
	93.570		46,939	128,089	175,028
	93.570	SPF 03-307, NYSP 04-		44,707	44,707
	93.570	14405672644		52,133	52,133
	93.570	NYSP 03-266, 04-1170		69,745	69,745

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For the Year Ended August 31, 2004

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-state Entities	Expenditures	Total
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-through from National Youth Sports Program</i>	93.570	603620604620		63,050	63,050
<i>Pass-through from National Youth Sports Program</i>	93.570	NYSPPF 03-208		1,026	1,026
<i>Pass-through from National Youth Sports Program Fund</i>	93.570	NYSPPF 04-269		88,663	88,663
Community Services Block Grant Discretionary Awards--Community Food and Nutrition	93.571		322,409	4,736	327,145
Refugee and Entrant Assistance--Discretionary Grants	93.576		325,127	551,511	876,638
Refugee and Entrant Assistance--Targeted Assistance	93.584			1,248,611	1,248,611
Empowerment Zones Program	93.585		6,080,283	117	6,080,400
State Court Improvement Program	93.586			951,187	951,187
Community-Based Family Resource and Support Grants	93.590		1,328,003	676,057	2,004,060
Family Violence Prevention and Services/Grants for Battered Women's Shelters--Discretionary Grants	93.592			(73)	(73)
Grants to States for Access and Visitation Programs	93.597		476,439	19,121	495,560
Chafee Education and Training Vouchers Program	93.599			136,409	136,409
Head Start	93.600			1,555,214	1,555,214
<i>Pass-through from Community Service Agency</i>	93.600	06CH50		939	939
<i>Pass-through from Greater Opportunity of Permian Basin</i>	93.600	DHHS H-5616		270,718	270,718
<i>Pass-through from Gulf Coast Project Head Start</i>	93.600	06CH-5061		160	160
<i>Pass-through from Harris County Department of Education</i>	93.600	06CH6998		838	838
<i>Pass-through from National Center for Family Literacy</i>	93.600	90YL0001/04		35,376	35,376
Adoption Incentive Payments	93.603			264,211	264,211
Voting Access for Individuals With Disabilities	93.617			7,400	7,400
Developmental Disabilities Basic Support and Advocacy Grants	93.630			4,371,474	4,371,474
Developmental Disabilities Projects of National Significance	93.631			35,741	35,741
Children's Justice Grants to States	93.643			1,440,891	1,440,891
Child Welfare Services--State Grants	93.645		55,839	23,657,129	23,712,968
Social Services Research and Demonstration	93.647		131,494	192,508	324,002
Child Welfare Services Training Grants	93.648		5,959	154,379	160,338
Adoption Opportunities	93.652			227,998	227,998
Foster Care--Title IV-E	93.658		38,107,499	132,691,046	170,798,545
Adoption Assistance	93.659			48,582,050	48,582,050
Social Services Block Grant	93.667		2,308,174	126,199,640	128,507,814
Child Abuse and Neglect State Grants	93.669			2,468,465	2,468,465
Child Abuse and Neglect Discretionary Activities	93.670			11,663	11,663
Family Violence Prevention and Services/Grants for Battered Women's Shelters--Grants to States and Indian Tribes	93.671			4,427,099	4,427,099
Chafee Foster Care Independent Living	93.674			5,151,444	5,151,444
State Children's Insurance Program	93.767			311,511,887	311,511,887
Medicaid Infrastructure Grants to Support the Competitive Employment of People with Disabilities	93.768			22,174	22,174
Demonstration to Maintain Independence and Employment	93.769			6,554	6,554
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779		690,643	841,144	1,531,787

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-state Entities	Expenditures	Total
<b>U.S. Department of Health and Human Services (continued)</b>					
Cell Biology and Biophysics Research					
<i>Pass-through from Baylor College of Medicine</i>	93.821	T32GM08280		17,316	17,316
Health Careers Opportunity Program	93.822		124,330	1,126,626	1,250,956
Basic/Core Area Health Education Centers	93.824		479,240	376,402	855,642
Heart and Vascular Diseases Research	93.837			734,556	734,556
Lung Diseases Research	93.838			25,701	25,701
<i>Pass-through from Rhode Island Hospital</i>	93.838	50258954		(2)	(2)
Blood Diseases and Resources Research	93.839			173,115	173,115
Arthritis, Musculoskeletal and Skin Diseases Research	93.846			16,693	16,693
Diabetes, Endocrinology and Metabolism Research	93.847			13,556	13,556
Kidney Diseases, Urology and Hematology Research	93.849			100,242	100,242
Extramural Research Programs in the					
Neurosciences and Neurological Disorders	93.853			867,800	867,800
Allergy, Immunology and Transplantation Research	93.855			33,182	33,182
Microbiology and Infectious Diseases Research	93.856			130,468	130,468
Pharmacology, Physiology, and Biological					
Chemistry Research	93.859			1,020,926	1,020,926
Population Research	93.864			48,540	48,540
Center for Research for Mothers and Children	93.865			577,814	577,814
<i>Pass-through from Center for Healthcare</i>	93.865	118611		50,608	50,608
<i>Pass-through from University Health System</i>	93.865	118751		67,939	67,939
Aging Research	93.866			845,575	845,575
Vision Research	93.867			89,025	89,025
<i>Pass-through from Baylor College of Medicine</i>	93.867	2T3EY07102		30,857	30,857
Medical Library Assistance	93.879			65,250	65,250
<i>Pass-through from Houston Academy of</i>					
<i>Medicine-Texas Medical Center Library</i>	93.879	N01 LM-1-3515 02		3,839	3,839
<i>Pass-through from Rice University</i>	93.879	2 T15 LM07093 02		33,751	33,751
Medical Library Assistance					
<i>Pass-through from Rice University</i>	93.879	T15 LM07093 12 5		34,867	34,867
<i>Pass-through from Rice University</i>	93.879	T15LM07093		107,013	107,013
Grants for Residency Training in General Internal					
Medicine and/or General Pediatrics	93.884			2,012,607	2,012,607
<i>Pass-through from HRSA Health Resources</i>					
<i>and Service Administration</i>	93.884	6U78HP00001		17,593	17,593
Physician Assistant Training in Primary Care	93.886			257,730	257,730
Health Care and Other Facilities	93.887			246,616	246,616
Resource and Manpower Development in					
the Environmental Health Sciences	93.894		3,032	9,376	12,408
Grants for Faculty Development in Family Medicine	93.895			(15,301)	(15,301)
Predoctoral Training in Primary Care (Family Medicine,					
General Internal Medicine/General Pediatrics)	93.896			249,544	249,544
Residencies and Advanced Education in the					
Practice of General Dentistry	93.897			323,250	323,250
Family and Community Violence Prevention Program					
<i>Pass-through from Central State University</i>	93.910	D67MP94001-05-0		(10,932)	(10,932)
<i>Pass-through from Central State University - Ohio</i>	93.910	600650600900		237,070	237,070
Rural Health Outreach and Rural Network					
Development Program	93.912			75,896	75,896
Grants to States for Operation of Offices					
of Rural Health	93.913			480,956	480,956
HIV Care Formula Grants	93.917		17,241,483	43,857,057	61,098,540

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-state Entities	Expenditures	Total
<b>U.S. Department of Health and Human Services (continued)</b>					
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919			67,077	67,077
Ryan White HIV/AIDS Dental Reimbursements	93.924			222,369	222,369
Special Projects of National Significance	93.928		1,242	(1,647)	(405)
<i>Pass-through from Valley Aids Council</i>	93.928	117232VAR		90,805	90,805
Fogarty International Research Collaboration Award	93.934			(3,050)	(3,050)
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health	93.938		331,827	51,047	382,874
HIV Prevention Activities--Health Department Based	93.940		11,188,102	4,045,118	15,233,220
<i>Pass-through from Harris County     Health Department</i>	93.940	04GEN0164R		124,742	124,742
<i>Pass-through from Harris County     Health Department</i>	93.940	03GEN0165		24,867	24,867
<i>Pass-through from Harris County     Health Department</i>	93.940	03GEN0216		7,558	7,558
<i>Pass-through from Harris County     Health Department</i>	93.940	58635		144,643	144,643
<i>Pass-through from Harris County     Health Department</i>	93.940	6H12HA000390		375,286	375,286
<i>Pass-through from Harris County     Health Department</i>	93.940	H89HA00004		(112,994)	(112,994)
<i>Pass-through from St. Hope Foundation</i>	93.940	03GEN0129		35,985	35,985
<i>Pass-through from St. Hope Foundation</i>	93.940	03GEN0214		72,902	72,902
HIV Demonstration, Research, Public and Professional Education Projects	93.941		98,417	61,489	159,906
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944		800,648	3,670,554	4,471,202
Assistance Programs for Chronic Disease Prevention and Control	93.945		69,454	334,727	404,181
Tuberculosis Demonstration, Research, Public and Professional Education	93.947			10,464	10,464
Occupational Health and Surveillance Fatality Assessment and Control Evaluation	93.957			4,654	4,654
Block Grants for Community Mental Health Services	93.958		30,023,020	1,241,028	31,264,048
Block Grants for Prevention and Treatment of Substance Abuse	93.959		108,510,151	27,994,741	136,504,892
<i>Pass-through from MHMRA of Harris County</i>	93.959	06-1160-013TDD		2,959	2,959
Special Minority Initiatives	93.960		16,187	148,971	165,158
Health Administration Traineeships and Special Projects Program	93.962			153,115	153,115
Public Health Traineeships	93.964			85,886	85,886
Geriatric Education Centers	93.969		99,548	509,273	608,821
<i>Pass-through from Baylor College of Medicine</i>	93.969	4600171106		17,948	17,948
<i>Pass-through from Baylor College of Medicine</i>	93.969	1D31HP70112-01		27,094	27,094
<i>Pass-through from Baylor College of Medicine</i>	93.969	5 D31 HP70112-02		23,127	23,127
<i>Pass-through from Baylor College of Medicine</i>	93.969	5D31HP70112-02		12,927	12,927
<i>Pass-through from Baylor College of Medicine</i>	93.969	D31HP70112		13,067	13,067
<i>Pass-through from Geriatric Education Centers</i>	93.969	5 D31 HP 70112-04		6,735	6,735
Family Planning--Service Delivery Improvement Research Grants	93.974		122,516	1,015	123,531
Preventive Health Services--Sexually Transmitted Diseases Control Grants	93.977		2,781,588	2,715,090	5,496,678

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<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-state Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>U.S. Department of Health and Human Services (continued)</b>					
Preventive Health Services--Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants	93.978		203,920	148,964	352,884
Mental Health Disaster Assistance and Emergency Mental Health	93.982			369,651	369,651
Academic Administrative Units in Primary Care	93.984			326,539	326,539
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988		44,594	467,174	511,768
Senior International Fellowships	93.989		6,160	486,737	492,897
Preventive Health and Health Services Block Grant	93.991		2,868,879	2,979,383	5,848,262
Maternal and Child Health Services Block Grant to the States	93.994		9,569,931	24,221,285	33,791,216
BioTerrorism Training and Curriculum Development Program	93.996		16,288	592,446	608,734
<i>Pass-through from City of Houston</i>	93.996	FC55409		7,209	7,209
Total - U.S. Department of Health and Human Services			525,511,193	1,674,588,074	2,200,099,267
<b>Corporation for National and Community Service</b>					
Corporation for National and Community Service	94.XXX	04MKWTX001		2,629	2,629
Retired and Senior Volunteer Program	94.002			110,481	110,481
State Commissions	94.003		99,008	141,444	240,452
Learn and Serve America--School and Community Based Programs	94.004		1,098,230		1,098,230
Learn and Serve America--Higher Education	94.005	00LHEPA028		13,359	13,359
<i>Pass-through from Temple University</i>	94.006			769,906	4,402,711
AmeriCorps					
<i>Pass-through from Texas Community of Volunteerism and Community Service</i>	94.006	1402ACC001		283	283
Planning and Program Development Grants	94.007		12,096	4,160	16,256
Training and Technical Assistance	94.009			60,218	60,218
Total - Corporation for National and Community Service			4,842,139	1,102,480	5,944,619
<b>Social Security Administration</b>					
Social Security Administration	96.XXX	28040001		2,527,426	2,527,426
Social Security Administration	96.XXX	13671034		1,363,080	1,363,080
Social Security--Research and Demonstration	96.007			51,654	51,654
Total - Social Security Administration			—	3,942,160	3,942,160
<b>Department of Homeland Security</b>					
Department of Homeland Security	97.XXX	TC-03-001G		128,550	128,550
Department of Homeland Security	97.XXX	HSTS02-04-C-MLS006		6,925	6,925
Department of Homeland Security	97.XXX	IPA-COBB-CROACH		175,936	175,936
<i>Pass-through from Bioelectrospec Inc.</i>	97.XXX	UTA04-352		5,058	5,058
<i>Pass-through from Echo Technical</i>	97.XXX	E95		8,574	8,574
Pre Disaster Mitigation (PDM) Competitive Grants	97.017			2,041	2,041
Total - Department of Homeland Security			—	327,084	327,084

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<b>RESEARCH AND DEVELOPMENT CLUSTER</b>					
<b>U.S. Department of Agriculture</b>					
U.S. Department of Agriculture	10.XXX	58-1235-0-069		70	70
U.S. Department of Agriculture	10.XXX	FSIS-C-44-2003		20,193	20,193
U.S. Department of Agriculture	10.XXX	ES		30,153	30,153
U.S. Department of Agriculture	10.XXX	FSIS-C-45-2003		21,076	21,076
<i>Pass-through from National Fish and Wildlife Foundation</i>	10.XXX	2002-0233-0000		6,928	6,928
<i>Pass-through from Oregon Department of Transportation</i>	10.XXX	18560 IY4		22,411	22,411
<i>Pass-through from University of Guam</i>	10.XXX	UTA03-058		1,681	1,681
<i>Pass-through from University of Illinois-Champaign Urban</i>	10.XXX	02-204		8,039	8,039
Agricultural Research--Basic and Applied Research	10.001			3,859,064	3,859,064
<i>Pass-through from Agrilogic, Inc</i>	10.001	502660		53,061	53,061
<i>Pass-through from Agrilogic, Inc</i>	10.001	503011		3,500	3,500
<i>Pass-through from Agrilogic, Inc</i>	10.001	502887		123,418	123,418
<i>Pass-through from Baylor College of Medicine</i>	10.001	R24MH59656		(2,331)	(2,331)
<i>Pass-through from Mercy Corps - Mongolia</i>	10.001	502932		35,582	35,582
<i>Pass-through from Rutgers, The State University</i>	10.001	502531		26,553	26,553
Plant and Animal Disease, Pest Control, and Animal Care	10.025			21,056	21,056
<i>Pass-through from Kansas State University</i>	10.025	502680		109,188	109,188
<i>Pass-through from Kansas State University</i>	10.025	502681		68,625	68,625
<i>Pass-through from Kansas State University</i>	10.025	502717		8,340	8,340
<i>Pass-through from Kansas State University</i>	10.025	502734		44,979	44,979
Wildlife Services	10.028			140,211	140,211
Colorado River Basin Salinity Control Program	10.070		42,264		42,264
Grants for Agricultural Research, Special Research Grants	10.200		830,539	9,052,131	9,882,670
<i>Pass-through from ACDI/VOCA</i>	10.200	502236		15,159	15,159
<i>Pass-through from ACDI/VOCA</i>	10.200	502565		22,554	22,554
<i>Pass-through from International Arid Lands</i>	10.200	Y404831		16,887	16,887
<i>Pass-through from Kansas State (Casgms Task 1)</i>	10.200	502487		37,929	37,929
<i>Pass-through from Kansas State (Casgms Task 2)</i>	10.200	502488		91,127	91,127
<i>Pass-through from Kansas State (Casgms Task 3)</i>	10.200	502489		43,203	43,203
<i>Pass-through from Kansas State (Casgms Task 3)</i>	10.200	502493		31,499	31,499
<i>Pass-through from Kansas State (Casgms Task 4)</i>	10.200	502490		39,410	39,410
<i>Pass-through from Kansas State (Casgms Task 4)</i>	10.200	502492		8,786	8,786
<i>Pass-through from Kansas State (Casgms Task 5)</i>	10.200	502491		16,124	16,124
<i>Pass-through from Kansas State (Casgms Admin)</i>	10.200	502486		10,308	10,308
<i>Pass-through from Kansas State (Casgms Task 2)</i>	10.200	502516		50,692	50,692
<i>Pass-through from Kansas State University</i>	10.200	03-38624-13082 S04005		3,739	3,739
<i>Pass-through from Kansas State University</i>	10.200	501899		185	185
<i>Pass-through from Kansas State University</i>	10.200	502854		4,444	4,444
<i>Pass-through from LSU Agricultural Center</i>	10.200	502599		49,806	49,806
<i>Pass-through from Montana State University</i>	10.200	502666		10,981	10,981
<i>Pass-through from North Carolina State University</i>	10.200	502542		455	455
<i>Pass-through from New Mexico State University</i>	10.200	502871		11,781	11,781
<i>Pass-through from New Mexico State University</i>	10.200	502939		3,953	3,953
<i>Pass-through from New Mexico State University</i>	10.200	502940		5,577	5,577
<i>Pass-through from New Mexico State University</i>	10.200	502867		556	556
<i>Pass-through from New Mexico State University</i>	10.200	502868		6,274	6,274
<i>Pass-through from New Mexico State University</i>	10.200	502869		22,239	22,239
<i>Pass-through from New Mexico State University</i>	10.200	502870		10,869	10,869
<i>Pass-through from New Mexico State University</i>	10.200	502872		16,239	16,239
<i>Pass-through from New Mexico State University</i>	10.200	502874		37,388	37,388

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-state Entities	Expenditures	Total
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Agriculture (continued)</b>					
<i>Pass-through from New Mexico State University</i>	10.200	502902		17,324	17,324
<i>Pass-through from New Mexico State University</i>	10.200	502903		7,645	7,645
<i>Pass-through from New Mexico State University</i>	10.200	502926		8,717	8,717
<i>Pass-through from New Mexico State University</i>	10.200	502987		2,463	2,463
<i>Pass-through from New Mexico State University</i>	10.200	SWC-02N05	12,000	62,099	74,099
<i>Pass-through from NMSU Agriculture Experiment Station</i>	10.200	2002-3418612385		54,951	54,951
<i>Pass-through from North Carolina State University</i>	10.200	502654		7,200	7,200
<i>Pass-through from Oceanic Institute</i>	10.200	502507		13,779	13,779
<i>Pass-through from Oceanic Institute</i>	10.200	502731		348,617	348,617
<i>Pass-through from Oceanic Institute</i>	10.200	502973		236,163	236,163
<i>Pass-through from Palo Alto College</i>	10.200	502169		16,568	16,568
<i>Pass-through from Palo Alto College</i>	10.200	502176		23,189	23,189
<i>Pass-through from Southern Regional Aquaculture</i>	10.200	UTA04-420		523	523
<i>Pass-through from University of California at Davis</i>	10.200	502594		5,207	5,207
<i>Pass-through from University of California at Davis</i>	10.200	502888		45,587	45,587
<i>Pass-through from University of Florida</i>	10.200	502317		74,110	74,110
<i>Pass-through from University of Florida</i>	10.200	502889		8,106	8,106
<i>Pass-through from University of Arizona</i>	10.200	Y702429		38,449	38,449
<i>Pass-through from University of Georgia Research Foundation</i>	10.200	RD3090403581467		85,380	85,380
<i>Pass-through from University of Missouri</i>	10.200	01111441-1 / C-5-36821		393	393
<i>Pass-through from University of California at Davis</i>	10.200	502836		18,666	18,666
<i>Pass-through from University of Florida</i>	10.200	501985		12,572	12,572
<i>Pass-through from University of Florida</i>	10.200	502574		6,896	6,896
<i>Pass-through from University of Florida</i>	10.200	502688		65,683	65,683
<i>Pass-through from University of Florida</i>	10.200	502751		9,926	9,926
<i>Pass-through from University of Florida</i>	10.200	502800		809	809
<i>Pass-through from University of Florida</i>	10.200	502828		1,156	1,156
<i>Pass-through from University of Georgia</i>	10.200	502201		50,579	50,579
<i>Pass-through from University of Georgia</i>	10.200	502202		88,185	88,185
<i>Pass-through from University of Georgia</i>	10.200	502752		10,000	10,000
<i>Pass-through from University of Georgia</i>	10.200	502753		12,207	12,207
<i>Pass-through from Virginia Tech</i>	10.200	502000		28	28
Cooperative Forestry Research	10.202		422,118	330,545	752,663
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203			6,432,452	6,432,452
Grants for Agricultural Research--Competitive Research Grants	10.206		72,622	2,269,893	2,342,515
<i>Pass-through from Colorado State University</i>	10.206	502592		35,706	35,706
<i>Pass-through from New Mexico State University</i>	10.206	SUB-G13 Q00882		6,251	6,251
<i>Pass-through from Oklahoma State University</i>	10.206	502386		14,021	14,021
<i>Pass-through from University of Illinois</i>	10.206	502199		25,975	25,975
Animal Health and Disease Research	10.207			365,082	365,082
Food and Agricultural Sciences National Needs Graduate Fellowship Grants <i>Pass-through from University of California at Davis</i>	10.210	502245		16,319	16,319
Small Business Innovation Research	10.212			8,539	8,539

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Agriculture (continued)</b>					
<i>Pass-through from Morton Delinting</i>	10.212	1354-44-A725		8,107	8,107
Sustainable Agriculture Research and Education	10.215		4,645	6,885	11,530
<i>Pass-through from Louisiana University Agricultural Center</i>	10.215	502564		127	127
<i>Pass-through from University of Georgia - Sare</i>	10.215	501833		9,134	9,134
1890 Institution Capacity Building Grants	10.216			171,631	171,631
Higher Education Challenge Grants	10.217		25,572	68,842	94,414
<i>Pass-through from University of Arkansas</i>	10.217	UA AES 90774-02		12,715	12,715
<i>Pass-through from University of Florida</i>	10.217	502630		30,535	30,535
Higher Education Multicultural Scholars Program	10.220			53,474	53,474
<i>Pass-through from University of California at Riverside</i>	10.220	502674		28,158	28,158
Hispanic Serving Institutions Education Grants	10.223			280,375	280,375
<i>Pass-through from Houston Community College System</i>	10.223	502228		24,313	24,313
Fund for Rural America--Research, Education, and Extension Activities	10.224			41,773	41,773
<i>Pass-through from Duke University</i>	10.224	502462		1,995	1,995
<i>Pass-through from North Carolina State University</i>	10.224	502712		7,074	7,074
<i>Pass-through from North Carolina State University</i>	10.224	00-1320-3YRP-23a		27,521	27,521
<i>Pass-through from North Carolina State University</i>	10.224	502306		1,090	1,090
<i>Pass-through from North Carolina State University</i>	10.224	502414		1,183	1,183
<i>Pass-through from North Carolina State University</i>	10.224	502448		2,419	2,419
<i>Pass-through from North Carolina State University</i>	10.224	502791		6,560	6,560
<i>Pass-through from North Carolina State University</i>	10.224	502804		6,600	6,600
Agricultural and Rural Economic Research	10.250			25,141	25,141
Initiative for Future Agriculture and Food Systems	10.302		497,521	409,819	907,340
<i>Pass-through from Dartmouth College</i>	10.302	5-36275		21,197	21,197
<i>Pass-through from University of Arizona</i>	10.302	502235		42,992	42,992
<i>Pass-through from University of Minnesota</i>	10.302	502433		44,210	44,210
Integrated Programs	10.303		270,222	567,935	838,157
<i>Pass-through from Pennsylvania State University</i>	10.303	2217TTUUSDA1367		989	989
<i>Pass-through from University of Arkansas</i>	10.303	502575		12,269	12,269
Homeland Security Agricultural	10.304			82,348	82,348
Crop Insurance	10.450		63,259	3,388,104	3,451,363
Cooperative Extension Service	10.500			305,197	305,197
<i>Pass-through from LSU Agricultural Center</i>	10.500	502616		4,525	4,525
<i>Pass-through from National FFA Organization</i>	10.500	27014		21,099	21,099
<i>Pass-through from University of Minnesota</i>	10.500	502864		15,262	15,262
Child and Adult Care Food Program	10.558			28,771	28,771
Nutrition Services Incentive					
<i>Pass-through from University of Southern Mississippi</i>	10.570	USM-GR-01513-A10		26,974	26,974
Forestry Research	10.652			1,235,056	1,235,056
Cooperative Forestry Assistance	10.664			148,267	148,267
Rural Business Opportunity Grants	10.773			2,739	2,739
National Sheep Industry Improvement Center	10.774			10,403	10,403
Resource Conservation and Development	10.901		67,505	469,219	536,724
Soil and Water Conservation	10.902			440,467	440,467
Soil Survey	10.903			67,538	67,538
Watershed Protection and Flood Prevention	10.904			213,706	213,706
Plant Materials for Conservation	10.905			72,129	72,129
<i>Pass-through from National Fish Wildlife Foundation</i>	10.905	2004-0027-000		5,714	5,714

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Agriculture (continued)</b>					
Environmental Quality Incentives Program	10.912			290,638	290,638
Agricultural Statistics Reports	10.950			35,602	35,602
Technical Agricultural Assistance	10.960			8,489	8,489
Scientific Cooperation and Research	10.961			181,069	181,069
<i>Pass-through from Alo</i>	10.961	502786		31,231	31,231
<i>Pass-through from Alo</i>	10.961	502856		34,595	34,595
<i>Pass-through from Cimmyt</i>	10.961	502431		212	212
<i>Pass-through from Cimmyt</i>	10.961	502683		138,733	138,733
<i>Pass-through from Cimmyt</i>	10.961	502651		88,164	88,164
<i>Pass-through from Dai Alternative</i>	10.961	502906		155,799	155,799
<i>Pass-through from Icrisat (Niger)</i>	10.961	502425		34,633	34,633
<i>Pass-through from University of     Georgia - Sanrem Crsp</i>	10.961	501720		427,005	427,005
<i>Pass-through from Winrock International     Institute for Agricultural Development</i>	10.961	502679		363,738	363,738
International Training--Foreign Participant	10.962		197,872	18,700	216,572
<i>Pass-through from Alo</i>	10.962	502664		10,718	10,718
<i>Pass-through from Alo</i>	10.962	502665		2,635	2,635
<i>Pass-through from Alo</i>	10.962	502953		8,773	8,773
<i>Pass-through from Alo/Ace/USaid</i>	10.962	502370		24,980	24,980
<i>Pass-through from Alo/Ace/USaid</i>	10.962	502435		928	928
<i>Pass-through from Alo/Ace/USaid</i>	10.962	502461		6,640	6,640
<i>Pass-through from Alo/Ace/USaid</i>	10.962	502496		96	96
<i>Pass-through from Alo/Ace/USaid</i>	10.962	502608		186	186
<i>Pass-through from Association Liaison Office</i>	10.962	502639		4,636	4,636
<i>Pass-through from Association Liaison Office</i>	10.962	502645		1,929	1,929
<i>Pass-through from Michigan State University</i>	10.962	502210		232,646	232,646
<i>Pass-through from Michigan State University</i>	10.962	502694		76,260	76,260
<i>Pass-through from The Partnership     for Enhancing Agriculture</i>	10.962	502974		164,587	164,587
<i>Pass-through from University of California     at Davis</i>	10.962	502979		50,032	50,032
<i>Pass-through from University of California     at Davis</i>	10.962	502982		2,600	2,600
<i>Pass-through from University of California     at Davis</i>	10.962	502881		213,198	213,198
<i>Pass-through from University of California     at Davis</i>	10.962	502125		11,907	11,907
<i>Pass-through from University of California     at Davis</i>	10.962	502302		4,394	4,394
<i>Pass-through from US - Israeli - Bard</i>	10.962	503005		78	78
<i>Pass-through from US-Israel Binational     Science Foundation</i>	10.962	501968		40	40
Total - U.S. Department of Agriculture				2,506,139	36,190,946
				36,190,946	38,697,085
<b>U.S. Department of Commerce</b>					
U.S. Department of Commerce	11.XXX	R/ES-87/NA16RG1078		19,348	19,348
U.S. Department of Commerce	11.XXX	EAR-0413265		406,520	406,520
U.S. Department of Commerce	11.XXX	EAR-0413265	13,975		13,975
U.S. Department of Commerce	11.XXX	R/EQ-1		21,071	21,071
<i>Pass-through from Etec Systems Inc</i>	11.XXX	160262 UTA02-082		28,286	28,286

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Commerce (continued)</b>					
<i>Pass-through from Geotechnology Research Institute</i>	11.XXX	H-8B-2003		92,149	92,149
<i>Pass-through from Joint Oceanographic Institute Inc</i>	11.XXX	F001429/F001466 / 418929-BA357		3,868	3,868
<i>Pass-through from Molecular Imprints Inc</i>	11.XXX	70NANB4H3012		37,668	37,668
<i>Pass-through from Northrop Grumman</i>	11.XXX	83547DDM3S		161,044	161,044
<i>Pass-through from Virginia Institute of Marine Science</i>	11.XXX	114774-GL10013, Mod 4		15,006	15,006
Export Promotion Market Development Cooperation					
<i>Pass-through from Association Liaison Office</i>	11.112	HNE-A-00-97-00059-00		76,900	76,900
Economic Development--Technical Assistance	11.303			106,280	106,280
Research and Evaluation Program	11.312			137,957	137,957
Interjurisdictional Fisheries Act of 1986	11.407			50,027	50,027
Fisheries Finance Program	11.415			61	61
Sea Grant Support	11.417		19,388	2,455,394	2,474,782
<i>Pass-through from Gulf and South Atlantic Fisheries Foundation</i>	11.417	502562		1,776	1,776
<i>Pass-through from Oregon State University</i>	11.417	NA684H-A		30,868	30,868
<i>Pass-through from South Carolina Sea Grant</i>	11.417	502652		16,533	16,533
<i>Pass-through from TDI-Brooks International</i>	11.417	502625		12,085	12,085
<i>Pass-through from University of Southern Mississippi</i>	11.417	502410		12,326	12,326
Coastal Zone Management Administration Awards	11.419		34,466	1,416,120	1,450,586
<i>Pass-through from Orange County</i>	11.419	NA1700Z2185	22,898	72,859	95,757
<i>Pass-through from Point Isabel Independent School District</i>	11.419	UTA04-439		2,798	2,798
Coastal Zone Management Estuarine Research Reserves	11.420			63,354	63,354
Financial Assistance for National Centers for Coastal Ocean Science	11.426			426,702	426,702
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427			67,584	67,584
<i>Pass-through from University of Southern Mississippi</i>	11.427	501861		58,107	58,107
Undersea Research	11.430			13,335	13,335
Climate and Atmospheric Research	11.431			444,864	444,864
Marine Fisheries Initiative	11.433			140,589	140,589
<i>Pass-through from Louisiana State University</i>	11.433	502790		14,946	14,946
Cooperative Fishery Statistics	11.434			(355,583)	(355,583)
Southeast Area Monitoring and Assessment Program	11.435			61,740	61,740
Marine Mammal Data Program	11.439			18,801	18,801
Special Oceanic and Atmospheric Projects	11.460			66,502	66,502
<i>Pass-through from Alaska Department of Fish and Game</i>	11.460	502724		11,584	11,584
<i>Pass-through from University of Alaska, Fairbanks</i>	11.460	600710		707	707
Coastal Services Center					
<i>Pass-through from Geo-Technology Research Institute</i>	11.473	H17-2003	46,876	(117,852)	(70,976)
<i>Pass-through from Geo-Technology Research Institute</i>	11.473	H-19-2003		70,977	70,977
<i>Pass-through from National Fish and Wildlife Foundation</i>	11.473	502908		17,572	17,572
Educational Partnership Program	11.481			11,307	11,307

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Commerce (continued)</b>					
Technology Opportunities	11.552		81,239	22,148	103,387
Measurement and Engineering Research and Standards	11.609		20,030	188,016	208,046
Manufacturing Extension Partnership	11.611			2,079,998	2,079,998
Advanced Technology Program	11.612			207,451	207,451
<i>Pass-through from Zeigler Brothers, Inc</i>	11.612	502807		37,850	37,850
<i>Pass-through from Zyvez Corporation</i>	11.612	17527046001		24,445	24,445
Congressionally Identified Projects	11.617			1,619,631	1,619,631
Total - U.S. Department of Commerce			238,872	10,371,719	10,610,591
<b>U.S. Department of Defense</b>					
U.S. Department of Defense	12.XXX	F 41621-03-P-0192		41,755	41,755
U.S. Department of Defense	12.XXX	117667		200,000	200,000
U.S. Department of Defense	12.XXX	116920VAR		47,821	47,821
U.S. Department of Defense	12.XXX	W81EWF91192322		900,004	900,004
U.S. Department of Defense	12.XXX	115556VAR		241,569	241,569
U.S. Department of Defense	12.XXX	DOD-SBCCOM		429,354	429,354
U.S. Department of Defense	12.XXX	R14051-72600003		13,162	13,162
U.S. Department of Defense	12.XXX	100005		76	76
U.S. Department of Defense	12.XXX	118560		1,180	1,180
U.S. Department of Defense	12.XXX	F 41622-02-M-1102		8,709	8,709
U.S. Department of Defense	12.XXX	DAAE30-02-C1132		79,074	79,074
U.S. Department of Defense	12.XXX	N6893602P0939		4,159	4,159
U.S. Department of Defense	12.XXX	DACA42-01-C-0012		21,321	21,321
U.S. Department of Defense	12.XXX	DACA42-02-C-0009		22,590	22,590
U.S. Department of Defense	12.XXX	118764		20,840	20,840
U.S. Department of Defense	12.XXX	DE-FC26-02NT15131	350,681	14,813,005	15,163,686
U.S. Department of Defense	12.XXX	N6311601GO1PA03		43,036	43,036
U.S. Department of Defense	12.XXX	1335-44-1117		267,353	267,353
U.S. Department of Defense	12.XXX	DAAD13-01C0071		(372)	(372)
U.S. Department of Defense	12.XXX	DAAD13-01-C0066		21,401	21,401
U.S. Department of Defense	12.XXX	F08650-03-C0012	54,879	158,183	213,062
U.S. Department of Defense	12.XXX	DAAD13-02-C0058		334,031	334,031
U.S. Department of Defense	12.XXX	DAAD13-02C0065		106,395	106,395
U.S. Department of Defense	12.XXX	DAAD13-02C0076	184,640	184,640	184,640
U.S. Department of Defense	12.XXX	DAAD13-02C0076		21,368	21,368
U.S. Department of Defense	12.XXX	DAAD13-02C0074	102,753	102,753	102,753
U.S. Department of Defense	12.XXX	DAAD13-02C0074		263,926	263,926
U.S. Department of Defense	12.XXX	DAAD13-02C0068		83,228	83,228
U.S. Department of Defense	12.XXX	DAAD13-02-C0075		248,480	248,480
U.S. Department of Defense	12.XXX	DAAD13-02-C0066		41,630	41,630
U.S. Department of Defense	12.XXX	DAAD13-02-C0070		514,293	514,293
U.S. Department of Defense	12.XXX	DAAD13-02C0067		99,767	99,767
U.S. Department of Defense	12.XXX	DAAD13-02C0071		168,356	168,356
U.S. Department of Defense	12.XXX	DADA42-03-P0342		42,027	42,027
U.S. Department of Defense	12.XXX	W911SR04-C0048		13,795	13,795
U.S. Department of Defense	12.XXX	W911SR04-C0068		(15,838)	(15,838)
U.S. Department of Defense	12.XXX	W911SR04-C0050		731	731
U.S. Department of Defense	12.XXX	W911SR04-C0063		5,639	5,639
U.S. Department of Defense	12.XXX	DACA72-01-C0042	26,799	1,662,706	1,689,505
U.S. Department of Defense	12.XXX	115559VAR		304,486	304,486
<i>Pass-through from Accurate Automation Corporation</i>	12.XXX	PRIMEDAGS6001C 0088		16,429	16,429

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-through from Advanced Technology Institute</i>	12.XXX	2004-326		310,003	310,003
<i>Pass-through from Battelle</i>	12.XXX	172101 / 2002-PO45810-000		42,264	42,264
<i>Pass-through from Brown University</i>	12.XXX	23543-9424		3,723	3,723
<i>Pass-through from California Institute of Technology Jet Propulsion</i>	12.XXX	961429 & MOD 1		158,133	158,133
<i>Pass-through from City of Lewisville</i>	12.XXX	TO/02-01		183,213	183,213
<i>Pass-through from Curtis Wright Electro-Mechanical</i>	12.XXX	W15QKN-04-C-1103		26,539	26,539
<i>Pass-through from Elusys</i>	12.XXX	UTA02-402		242	242
<i>Pass-through from Florida State University</i>	12.XXX	A03860 / N00014-02-1-		1,095,593	1,095,593
<i>Pass-through from Flyer Defense LLC</i>	12.XXX	ML1014935-14357, Start-Work Auth		15,000	15,000
<i>Pass-through from General Atomics</i>	12.XXX	SC B000702, CHANGE ORDER 15		1,319,744	1,319,744
<i>Pass-through from Illinois State University</i>	12.XXX	UTA04-078 151002412009433		81,142	81,142
<i>Pass-through from Intelligent Optical Systems Inc</i>	12.XXX	13387 JO		93,039	93,039
<i>Pass-through from Intellimotive</i>	12.XXX	UTA03-029		16,812	16,812
<i>Pass-through from ITT Industries, Inc.</i>	12.XXX	169392J, Mod 001		28,761	28,761
<i>Pass-through from Kai Inc</i>	12.XXX	UTA04-097		56,434	56,434
<i>Pass-through from Kato Engineering</i>	12.XXX	N68335-04-C-0167		25,442	25,442
<i>Pass-through from Kaufman &amp; Robinson</i>	12.XXX	F49620-03-C0088		41,089	41,089
<i>Pass-through from Lockheed Martin Corp</i>	12.XXX	4300050944 / DAAD19-00-9-0001		(3,517)	(3,517)
<i>Pass-through from Lockheed Martin Corp</i>	12.XXX	4300050944 / DAAD19-00-9-0001	23,823		23,823
<i>Pass-through from Massachusetts Institution of Technology</i>	12.XXX	5710001354 / MDA972-01-1-0035		15,329	15,329
<i>Pass-through from Medical University of South Carolina Foundation</i>	12.XXX	N00014-99-1-0784 1		142	142
<i>Pass-through from Mission Research Corporation</i>	12.XXX	UTA03-079		10,209	10,209
<i>Pass-through from Mississippi State University</i>	12.XXX	060808-01090729-08, M1,Co3, Tsk 11		2,196,433	2,196,433
<i>Pass-through from Molecular Imprints Inc</i>	12.XXX	MII-2002-01		83,908	83,908
<i>Pass-through from Nanopowder Enterprises Inc</i>	12.XXX	UTA03-580		6,444	6,444
<i>Pass-through from National Center for Educational Account</i>	12.XXX	UTA04-186		1,280,059	1,280,059
<i>Pass-through from Old Dominion University Research Foundation</i>	12.XXX	114605		243,047	243,047
<i>Pass-through from Omega Optics</i>	12.XXX	SC02-0304		46,491	46,491
<i>Pass-through from Sandia National Labs</i>	12.XXX	AF-1935		76,492	76,492
<i>Pass-through from Scenpro, Inc</i>	12.XXX	UTA02-424		150,027	150,027
<i>Pass-through from Science Application Intl Corp</i>	12.XXX	4400084011 - CONTR #: DAAE07-02-C-L045		1,684,727	1,684,727
<i>Pass-through from Separations Systems Technology I</i>	12.XXX	UTA03-092		42	42
<i>Pass-through from Southern Coalition for Advanced Transportation</i>	12.XXX	MDA972-94-2-0003 (RA94-24), MOD 10	13,351		13,351
<i>Pass-through from Spec</i>	12.XXX	UTA04-424		5,649	5,649
<i>Pass-through from SRI International</i>	12.XXX	03-000224 Task Ord 2		402,816	402,816
<i>Pass-through from Southwest Research Institute</i>	12.XXX	SWRI 399847P		41,370	41,370
<i>Pass-through from Southwest Research Institute</i>	12.XXX	399836JH		100,343	100,343

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-through from State of Arizona</i>	12.XXX	KR95-0979AL		5,934	5,934
<i>Pass-through from University of California-Berkeley</i>	12.XXX	SA3166JB PO 374229		171,287	171,287
<i>Pass-through from University of Chicago</i>	12.XXX	F49620-01-10335		39,906	39,906
<i>Pass-through from University of Dayton Research Institute</i>	12.XXX	RSC99025		(33,645)	(33,645)
<i>Pass-through from University of Michigan</i>	12.XXX	F000489 / UTA99-0002, AMD 7		(397)	(397)
<i>Pass-through from University of Southern California</i>	12.XXX	030919 / F49620-98-1-0474		78,193	78,193
<i>Pass-through from University of Wisconsin</i>	12.XXX	P042501		316,328	316,328
<i>Pass-through from Unrelated to Sponsor</i>	12.XXX	26-0710-01		73,257	73,257
<i>Pass-through from U.S. Army Corp of Engineers</i>	12.XXX	W81EWF91192322		16,753	16,753
<i>Pass-through from Xidex Corp</i>	12.XXX	UTA03-508, SWA		98,188	98,188
Procurement Technical Assistance for Business Firms	12.002			20,577	20,577
<i>Pass-through from United Defense LP</i>	12.002	SCJ00163		60,000	60,000
Beach Erosion Control Projects	12.101			166,229	166,229
Protection, Clearing and Straightening Channels	12.109			83,498	83,498
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113			16,167	16,167
<i>Pass-through from Aviation and Missile Solutions LLC</i>	12.113	038-02K1		1,439,548	1,439,548
Collaborative Research and Development	12.114		25,911	910,770	936,681
<i>Pass-through from Celis Semiconductor Corporation</i>	12.114	5013H0247G089647		14,995	14,995
<i>Pass-through from G.E.C., Inc</i>	12.114	502100		10,895	10,895
<i>Pass-through from Honeywell Inc</i>	12.114	A004600 / DAAD19-01-2-0010		77,332	77,332
<i>Pass-through from Parsons Infrastructure and Technology Group Inc</i>	12.114	735361 30038		772,460	772,460
<i>Pass-through from University of Pittsburgh</i>	12.114	502309		80,720	80,720
<i>Pass-through from University of Florida</i>	12.114	UF03010 0153CG ENCUMBRANCE		64,768	64,768
<i>Pass-through from University of South Florida</i>	12.114	1209-228-LO-A		39,745	39,745
<i>Pass-through from University of Michigan</i>	12.114	W D 1004		5,607	5,607
<i>Pass-through from University of South Florida</i>	12.114	6402-1004-03-A		38,668	38,668
Basic and Applied Scientific Research	12.300		2,936,969	64,359,684	67,296,653
<i>Pass-through from Battelle Pacific Northwest Laboratory</i>	12.300	PNL01-0000012697		7,383	7,383
<i>Pass-through from CTRC Research Foundation</i>	12.300	117991		373,659	373,659
<i>Pass-through from Custom Manufacturing and Engineering</i>	12.300	P10400 STTR 30047-01-1000		14,802	14,802
<i>Pass-through from Drexel University</i>	12.300	204080		1,448	1,448
<i>Pass-through from Fiber Dynamics Inc</i>	12.300	N00024-00-C-4085		34,355	34,355
<i>Pass-through from Florida Atlantic University</i>	12.300	TRD67		129,404	129,404
<i>Pass-through from Georgia Tech Research Institute</i>	12.300	B-12-M06-S10, INCREMENT		109,985	109,985
<i>Pass-through from Groundwater Services, Inc.</i>	12.300	36617		4,598	4,598
<i>Pass-through from Honeywell International</i>	12.300	B09390131		223,382	223,382
<i>Pass-through from Imaging Microsensors Inc</i>	12.300	IMI002-03-S-001 SUBCONT TO N0001403M0280		22,679	22,679
<i>Pass-through from Johns Hopkins University</i>	12.300	JHU/APL 866617 N0002403D6606		135,912	135,912

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-through from Marlow Industries</i>	12.300	N00014-03-M-0332		57,667	57,667
<i>Pass-through from Mississippi State University</i>	12.300	N62306-01		83,321	83,321
<i>Pass-through from Mitre Corp</i>	12.300	BOA 52787 TASK 01 ORDER 53760		114,115	114,115
<i>Pass-through from National Reconnaissance Office</i>	12.300	03-C-0202-PZ0001		1,707,504	1,707,504
<i>Pass-through from Rice University</i>	12.300	4F-01541, M0001		7,055	7,055
<i>Pass-through from St. Mary's University</i>	12.300	502722		22,693	22,693
<i>Pass-through from State University of New York</i>	12.300	1001499/1/012054 / N00014-00-1-0951		60,107	60,107
<i>Pass-through from University of Colorado</i>	12.300	154-0303 / P.O. # 40931		64,630	64,630
<i>Pass-through from University of Southern Mississippi</i>	12.300	GR01435-B10		23,063	23,063
<i>Pass-through from Unrelated to Sponsor</i>	12.300	26-0798-01		4,105,206	4,105,206
<i>Pass-through from Williamspro Inc</i>	12.300	N0014-03-M-0328		20,819	20,819
National Guard Military Operations and Maintenance (O&M) Projects	12.401			83,328	83,328
Military Medical Research and Development	12.420		2,661,854	22,822,205	25,484,059
<i>Pass-through from Emory University</i>	12.420	DAMD170320033		219,831	219,831
<i>Pass-through from Fred Hutchinson Cancer Research Center</i>	12.420	DAMD17-02-1-0691 1		47,748	47,748
<i>Pass-through from House Ear Institute</i>	12.420	DAMD17-01-1-710		29	29
<i>Pass-through from Indiana University</i>	12.420	DAMD170310216		396,503	396,503
<i>Pass-through from Memorial Hermann Hospital System</i>	12.420	DAMD 17-03-C-97		35,962	35,962
<i>Pass-through from National Medical Technology Test Bed</i>	12.420	200171UTMB		9,401	9,401
<i>Pass-through from National Medical Technology Test Bed</i>	12.420	ACC200010600		44,938	44,938
<i>Pass-through from National Medical Technology Test Bed</i>	12.420	DAMD 17-97		597	597
<i>Pass-through from National Medical Technology Test Bed</i>	12.420	2002-102-TEES-WANG		182,417	182,417
<i>Pass-through from National Medical Technology Test Bed</i>	12.420	2002-56-TEES-WRIGHT		102,609	102,609
<i>Pass-through from Oklahoma State University</i>	12.420	AA575063		9,756	9,756
<i>Pass-through from Regents of University of California</i>	12.420	DAMD170210638		267,110	267,110
<i>Pass-through from Rice University</i>	12.420	DAMD17-03-1-0384 01		190,894	190,894
<i>Pass-through from University of Oklahoma</i>	12.420	DAMD17020702		148,921	148,921
<i>Pass-through from University of California</i>	12.420	DAMD170310481		60,498	60,498
<i>Pass-through from Wake Forest University</i>	12.420	DAMD170110447		68,673	68,673
Basic Scientific Research	12.431		398,684	5,811,761	6,210,445
<i>Pass-through from Academy of Applied Science</i>	12.431	W911NF-04		8,529	8,529
<i>Pass-through from Academy of Applied Science</i>	12.431	w911nf-04-1-0226		2,575	2,575
<i>Pass-through from Basic Scientific Research</i>	12.431	114597		62,347	62,347
<i>Pass-through from Honeywell, Inc</i>	12.431	A004611		25,971	25,971
<i>Pass-through from Human Resources Research Org</i>	12.431	PR-02-1, Mod 2		16,579	16,579
<i>Pass-through from J&amp;J Maintenance</i>	12.431	04-0138		10,651	10,651
<i>Pass-through from J&amp;J Maintenance</i>	12.431	04-0134		53,353	53,353
<i>Pass-through from Rice University</i>	12.431	R13231-72000099		79,322	79,322
<i>Pass-through from San Diego State University Foundation</i>	12.431	53206A P3328		26,255	26,255

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-through from Science Applications Int'g Co.</i>	12.431	PE06055306F		2,421	2,421
<i>Pass-through from Stevens Institute of Technology</i>	12.431	598512		8,048	8,048
<i>Pass-through from Wingler &amp; Sharp Inc</i>	12.431	04-0133		158,004	158,004
Basic, Applied, and Advanced Research in Science and Engineering	12.630		575,661	977,476	1,553,137
<i>Pass-through from Bell Helicopter</i>	12.630	163920-33. CO 4		136,990	136,990
<i>Pass-through from Brown University</i>	12.630	1132-21072		115,558	115,558
<i>Pass-through from CSA Engineering Inc</i>	12.630	NM-2238		28,915	28,915
<i>Pass-through from Intuitive Research and Technology</i>	12.630	V3416(A)-TAMU-002		8,231	8,231
<i>Pass-through from Intuitive Research and Technology</i>	12.630	V3417(N)-TAMU-002		32,314	32,314
<i>Pass-through from Intuitive Research and Technology</i>	12.630	V3418(AF)-TAMU-001		4,446	4,446
<i>Pass-through from Intuitive Research and Technology</i>	12.630	V3419(MC)-TAMU-002		20,731	20,731
<i>Pass-through from Northwestern University</i>	12.630	0650 300 F416 415		100,048	100,048
<i>Pass-through from Rice University</i>	12.630	01110201-03		604	604
<i>Pass-through from University of Southern California</i>	12.630	66032		164,413	164,413
<i>Pass-through from U.S. Army - Corp of Engineers</i>	12.630	DACA72-02-C-0034		253,063	253,063
Air Force Defense Research Sciences Program	12.800		609,434	8,832,104	9,441,538
<i>Pass-through from Aeroprobe Corporation</i>	12.800	03-0255		144,230	144,230
<i>Pass-through from Andro Computational Solutions</i>	12.800	PANDAF03-193-UOT-		20,000	20,000
<i>Pass-through from Anteon Corp</i>	12.800	S1289		15	15
<i>Pass-through from Anteon Corp</i>	12.800	SN. 02-3210-44-1		88,555	88,555
<i>Pass-through from Boeing Aerospace and Electronics</i>	12.800	Q03897077		188,762	188,762
<i>Pass-through from Brooks Air Force Base</i>	12.800	GS-10F-0136M	20,747	(2,285)	18,462
<i>Pass-through from Chemical Business Development Consulting, Inc.</i>	12.800	37987		17,465	17,465
<i>Pass-through from Frontline Systems Inc</i>	12.800	TEES-001		(4,448)	(4,448)
<i>Pass-through from Inframat Corporation</i>	12.800	5013H0068G088560		31,031	31,031
<i>Pass-through from Innovative Scientific Solutions, Inc</i>	12.800	3020 S1		10,929	10,929
<i>Pass-through from Innovative Scientific Solutions, Inc</i>	12.800	62771, Amd 2	34,836		34,836
<i>Pass-through from Northern Taiga Ventures Inc</i>	12.800	38451		102,129	102,129
<i>Pass-through from Northrop Grumman</i>	12.800	GAFCE-04-008		57,506	57,506
<i>Pass-through from Oklahoma State University</i>	12.800	745786		20,184	20,184
<i>Pass-through from Pacific Wave Industries Inc</i>	12.800	UTA02-045		342,271	342,271
<i>Pass-through from Portage Environmental Inc</i>	12.800	PCI-AF01281-05		68,003	68,003
<i>Pass-through from Sargent Fletcher Inc</i>	12.800	900001		89,154	89,154
<i>Pass-through from Southwest Research Institute</i>	12.800	49901JH		42,028	42,028
<i>Pass-through from Systems and Materials Research Consultancy</i>	12.800	16803		19,000	19,000
<i>Pass-through from Systems and Materials Research Consultancy</i>	12.800	SMRC039-1		41,337	41,337
<i>Pass-through from Tao of Systems Integration Inc</i>	12.800	Tao02-ONR-0111		90,739	90,739
<i>Pass-through from University of Arizona</i>	12.800	Y701615		13,029	13,029
<i>Pass-through from University of Alabama</i>	12.800	SN. 02-044		29,463	29,463
<i>Pass-through from University of California, Berkeley</i>	12.800	SA4456-32432PG		11,206	11,206

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Defense (continued)</b>					
<i>Pass-through from University of Dayton</i>					
<i>Research Institute</i>	12.800	RSC03038		273,285	273,285
<i>Pass-through from University of Wisconsin</i>	12.800	A867075		7,160	7,160
<i>Pass-through from</i>		DO 0003,			
<i>U.S. Army</i>	12.800	DAMD17-03-2-0011		(688)	(688)
<i>Pass-through from X-1 Synergy</i>	12.800	F33615-03		28,777	28,777
Mathematical Sciences Grants Program	12.901			168,942	168,942
<i>Pass-through from Math Association of</i>					
<i>America Problems In Discrete Math</i>	12.901	MDA904-03-0122		15,642	15,642
Research and Technology Development	12.910		2,796,191	4,463,296	7,259,487
<i>Pass-through from DOD-Marine Corps</i>					
<i>System Command</i>	12.910	M67854-03-M-6007		63,512	63,512
<i>Pass-through from Duke University</i>	12.910	DS793		157,476	157,476
<i>Pass-through from Honeywell, Inc</i>	12.910	B09080086		2,583	2,583
<i>Pass-through from International Business</i>					
<i>Machines Corp</i>	12.910	W0133880, Inc		748,652	748,652
<i>Pass-through from</i>		741323/869064			
<i>Ohio State University</i>	12.910	RF00904759		61,278	61,278
<i>Pass-through from Oklahoma State University</i>	12.910	502944		166,046	166,046
<i>Pass-through from Plain Sight Systems, Inc</i>	12.910	N0017301C2008	3,000	129,507	132,507
<i>Pass-through from Science Applications</i>					
<i>International Corp</i>	12.910	4400087237		24,971	24,971
<i>Pass-through from Unconventional Concepts</i>	12.910	DAMD17-0020033		33,605	33,605
<i>Pass-through from University of</i>					
<i>California-San Diego</i>	12.910	10191576		59,837	59,837
<i>Pass-through from University of Louisville</i>	12.910	DAAD190110450		4	4
<i>Pass-through from University of New Mexico</i>	12.910	3-17271-7840 C		82,322	82,322
<i>Pass-through from University of Illinois</i>	12.910	20160		45,701	45,701
<i>Pass-through from University of New Mexico</i>	12.910	N0017801C3069		208	208
<i>Pass-through from Unrelated To Sponsor</i>	12.910	N66001-01-1-8964		132,648	132,648
<i>Pass-through from U.S. Air Force</i>					
<i>Research Laboratory</i>	12.910	F30602-99-1-0531-P00008		173,775	173,775
<i>Pass-through from Xeotron Corporation</i>	12.910	DAAD005-02-C-0038-EN		11,400	11,400
<i>Pass-through from Xeotron Corporation</i>	12.910	DAAD05-02-C-0038-EN		19,558	19,558
Total - U.S. Department of Defense			10,820,213	157,256,036	168,076,249
<b>U.S. Department of Housing and Urban Development</b>					
Federally Assisted Low-Income Housing					
Drug Elimination					
<i>Pass-through from Star of Hope</i>	14.193	TX21B810-017		26,085	26,085
Housing Opportunities for Persons with AIDS					
<i>Pass-through from City of Dallas</i>	14.241	02-0341		14,616	14,616
<i>Pass-through from City of Dallas</i>	14.241	40531		41,697	41,697
Empowerment Zones Program					
<i>Pass-through from El Paso</i>					
<i>Empowerment Zone Corporation</i>	14.244	PERM G3C1		54,593	54,593
Community Outreach Partnership Center Program	14.511			74,407	74,407
Community Development Work-Study Program	14.512			801	801
Healthy Homes Initiative Grants					
<i>Pass-through from Healthy Homes</i>					
<i>Demonstration Grants</i>	14.901	118034		36,995	36,995
Total - U.S. Department of Housing and Urban Development			—	249,194	249,194

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of the Interior</b>					
U.S. Department of the Interior	15.XXX	03FC601786		111,703	111,703
U.S. Department of the Interior	15.XXX	04-5B-2510R57--252J		493,584	493,584
U.S. Department of the Interior	15.XXX	0104P035200		4,378	4,378
U.S. Department of the Interior	15.XXX	5888A1		46,598	46,598
U.S. Department of the Interior	15.XXX	14482018100G919			
		R2-00-0968		(4,012)	(4,012)
U.S. Department of the Interior	15.XXX	98-FG-60-11430		1,038	1,038
U.S. Department of the Interior	15.XXX	J2360 03 1217		560,109	560,109
U.S. Department of the Interior	15.XXX	1443CA125099003		133,293	133,293
U.S. Department of the Interior	15.XXX	0102P085115		3,354	3,354
U.S. Department of the Interior	15.XXX	14482018101G900		24,076	24,076
U.S. Department of the Interior	15.XXX	1550-03		6,036	6,036
U.S. Department of the Interior	15.XXX	14482018199J816		5,981	5,981
<i>Pass-through from Arizona State University</i>	15.XXX	04-H900-700000005-510		13,319	13,319
<i>Pass-through from Creative Associates International</i>	15.XXX	519-A-00-00-00041-00		229,391	229,391
<i>Pass-through from International Business Machines Corp</i>	15.XXX	UTA03-034, PO#5001392712		(27)	(27)
<i>Pass-through from Texas Water Resources Institution</i>	15.XXX	UTA03-360		4,390	4,390
Endangered Species on Indian Lands	15.051			891	891
Non-Sale Disposals of Mineral Material	15.214			31,320	31,320
Recreation Resource Management	15.225			30,998	30,998
Wildland Urban Interface Community and Rural Fire Assistance	15.228			36,021	36,021
Water Reclamation and Reuse Program	15.504			64,905	64,905
Conservation Law Enforcement Training Assistance	15.602			60,215	60,215
Fish and Wildlife Management Assistance	15.608			482,688	482,688
<i>Pass-through from University of Missouri</i>	15.608	502824		96,628	96,628
Wildlife Restoration	15.611			99,124	99,124
Coastal Wetlands Planning, Protection and Restoration Act	15.614			26,511	26,511
Cooperative Endangered Species Conservation Fund	15.615			17,895,162	17,895,162
<i>Pass-through from Boy Scouts of America</i>	15.615	BSA/CAC tasks 1-4, Sct 6		75,424	75,424
North American Wetlands Conservation Fund	15.623			3,637	3,637
<i>Pass-through from Rainwater Basin Joint Venture</i>	15.623	1354-44-0722		21,842	21,842
Coastal Program	15.630			4,816	4,816
Assistance to State Water Resources Research Institutes	15.805			121,570	121,570
Earthquake Hazards Reduction Program	15.807			58,134	58,134
U.S. Geological Survey--Research and Data Acquisition	15.808		147,120	471,761	618,881
<i>Pass-through from LGL Alaska Research Association, Inc</i>	15.808	TO 6 MBP	23,277	45,237	68,514
National Spatial Data Infrastructure Cooperative Agreements Program	15.809		213,784	844,929	1,058,713
National Cooperative Geologic Mapping Program	15.810			99,961	99,961
Cooperative Research Units Program	15.812			178,125	178,125
Historic Preservation Fund Grants-In-Aid	15.904			125,552	125,552
<i>Pass-through from San Antonio Missions National Historical</i>	15.904	P760030006		29,030	29,030
<i>Pass-through from University of Idaho - NPS</i>	15.904	502062		7	7
Technical Preservation Services	15.915			28,715	28,715

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of the Interior (continued)</b>					
Outdoor Recreation--Acquisition, Development and Planning	15.916			27,047	27,047
Urban Park and Recreation Recovery Program	15.919			5,159	5,159
Rivers, Trails and Conservation Assistance	15.921			66,841	66,841
National Center for Preservation Technology and Training	15.923			25,654	25,654
Total - U.S. Department of the Interior			384,181	22,691,115	23,075,296
<b>U.S. Department of Justice</b>					
U.S. Department of Justice	16.XXX	2001-IJ-CX-OO14	2,175	935,534	937,709
U.S. Department of Justice	16.XXX	J-FBI-02-133		232,685	232,685
U.S. Department of Justice	16.XXX	2003-GP-CX-0131		30,845	30,845
<i>Pass-through from Oklahoma State University</i>	16.XXX	UTA02-473		6	6
Public Education on Drug Abuse--Information	16.005			28,804	28,804
Juvenile Accountability Incentive Block Grants	16.523			26,682	26,682
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560			779,731	779,731
Criminal Justice Research and Development-- Graduate Research Fellowships	16.562			76,218	76,218
Drug Court Discretionary Grant Program	16.585			15,888	15,888
Corrections--Research and Evaluation and Policy Formulation	16.602			24,271	24,271
Community Prosecution and Project Safe Neighborhoods	16.609			36,911	36,911
<i>Pass-through from Baylor Healthcare System Foundation</i>	16.609	03-306		3,546	3,546
Public Safety Partnership and Community Policing Grants	16.710			108,079	108,079
<i>Pass-through from El Paso Sheriff's Office</i>	16.710	2002HSWX0057		9,928	9,928
Enforcing Underage Drinking Laws Program	16.727			88,054	88,054
Drug Prevention Program				405	405
<i>Pass-through from Campfire USA</i>	16.728	ED-03-J20-16308-0		405	405
Total - U.S. Department of Justice			2,175	2,397,587	2,399,762
<b>U.S. Department of Labor</b>					
U.S. Department of Labor	17.XXX	E4R4004040, MOD 1		447,100	447,100
<i>Pass-through from National Governors Association</i>	17.XXX	1103503601		144,742	144,742
<i>Pass-through from University of Baltimore</i>	17.XXX	UTA98-0350		172,699	172,699
Employment and Training Pilots	17.261			47,827	47,827
WIA Incentive Grants	17.267			47,830	47,830
Total - U.S. Department of Labor			—	860,198	860,198
<b>U.S. Department of State</b>					
U.S. Department of State	19.XXX	S-ECAPE-03-GR-129(CS)		38,401	38,401
<i>Pass-through from Council of American Overseas Research</i>	19.XXX	ECA/CAORC/ UT-AIMS-200306		597	597
Claims Against Foreign Governments	19.200			45,541	45,541
Program for Study of Eastern Europe and the Independent States of the Former Soviet Union	19.300			(18,345)	(18,345)
<i>Pass-through from American International Health Alliance</i>	19.300	UCCARMOOP		50,639	50,639
Professional Development--International Educators/Administrators	19.404			73,901	73,901
Cooperative Grants	19.420			788	788

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of State (continued)</b>					
Educational Partnerships Program	19.424			28,322	28,322
Total - U.S. Department of State			—	219,844	219,844
<b>U.S. Department of Transportation</b>					
U.S. Department of Transportation	20.XXX	DTFH6103P00371/X00112		110,176	110,176
U.S. Department of Transportation	20.XXX	DTFR53-99-H-00006		3,791,944	3,791,944
U.S. Department of Transportation	20.XXX	DTOS59-04-G-00010		427,574	427,574
U.S. Department of Transportation	20.XXX	DTFH61-01-P-00362		(2,189)	(2,189)
U.S. Department of Transportation	20.XXX	DTFH71-99-C-00035		35,902	35,902
U.S. Department of Transportation	20.XXX	DTFA06-00C50100		627	627
U.S. Department of Transportation	20.XXX	DTFH61-03-P-00242		22,315	22,315
U.S. Department of Transportation	20.XXX	DTFR53-99-H-00006	85,996		85,996
U.S. Department of Transportation	20.XXX	DTFH61-00-C-00012		47,994	47,994
U.S. Department of Transportation	20.XXX	S900159, TASK 10		22,011	22,011
<i>Pass-through from Aggregates Foundation for Technology, Research, Education</i>	20.XXX	3012000		7,498	7,498
<i>Pass-through from American Trade Initiatives Inc</i>	20.XXX	UTA04-117		13,971	13,971
<i>Pass-through from Aptek, Inc.</i>	20.XXX	3N04-Sc03		52,668	52,668
<i>Pass-through from Charles River Associates Inc</i>	20.XXX	D03998-S1		70,816	70,816
<i>Pass-through from National Academy of Science</i>	20.XXX	HR 24-12(1)		5,207	5,207
<i>Pass-through from National Academy of Science</i>	20.XXX	HR 24-12(1)	7,976		7,976
<i>Pass-through from New England Transportation Consortium</i>	20.XXX	500116974		2,901	2,901
<i>Pass-through from University of Alabama</i>	20.XXX	UTA03-154		64,401	64,401
<i>Pass-through from University of Arkansas</i>	20.XXX	SA0301102		3,165	3,165
<i>Pass-through from University of New Hampshire</i>	20.XXX	04-803		64,866	64,866
<i>Pass-through from Washington State DoT</i>	20.XXX	GCA3123		7,691	7,691
Aviation Education	20.100		33,290	14,223	47,513
Aviation Research Grants	20.108			579,830	579,830
<i>Pass-through from Innovative Pavement Research Foundation</i>	20.108	01-G-002-02-20		184,143	184,143
<i>Pass-through from North Carolina Agricultural and Technical State University</i>	20.108	551143A		32,182	32,182
<i>Pass-through from Southwest Research Institute</i>	20.108	SWRI 299394P		41,965	41,965
Highway Planning and Construction	20.205			1,381,221	1,381,221
<i>Pass-through from Florida-DoT</i>	20.205	502619		65,157	65,157
<i>Pass-through from NAS - Transportation Research Board</i>	20.205	20-7 (177)		5,020	5,020
<i>Pass-through from NAS - Transportation Research Board</i>	20.205	LA050703		4,427	4,427
Highway Training and Education	20.215			148,894	148,894
National Motor Carrier Safety	20.218			4,840	4,840
Railroad Safety	20.301			24,682	24,682
State and Community Highway Safety	20.600			16,854	16,854
University Transportation Centers Program	20.701	DTRS99-G0006		105,890	105,890
Total - U.S. Department of Transportation			127,262	7,358,866	7,486,128
<b>Appalachian Regional Commission</b>					
Appalachian Regional Commission	23.XXX	CO-14220-G-03		7,716	7,716
Total - Appalachian Regional Commission			—	7,716	7,716

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>Office of Personnel Management</b>					
Intergovernmental Personnel Act (IPA)					
Mobility Program	27.011			416,379	416,379
Total - Office of Personnel Management			—	416,379	416,379
<b>Federal Mediation and Conciliation Service</b>					
Federal Mediation and Conciliation Service	34.XXX	04-359		12,721	12,721
Total - Federal Mediation and Conciliation Service			—	12,721	12,721
<b>General Services Administration</b>					
Business Services	39.001			(66)	(66)
Federal Consumer Information Center	39.009			(9,829)	(9,829)
Total - General Services Administration			—	(9,895)	(9,895)
<b>Library of Congress</b>					
Library of Congress	42.XXX	CRS 03-24		65,031	65,031
Total - Library of Congress			—	65,031	65,031
<b>National Aeronautics and Space Administration</b>					
National Aeronautics and Space Administration	43.XXX	NAG2-1560		148,314	148,314
National Aeronautics and Space Administration	43.XXX	NAG5-12599		97,749	97,749
National Aeronautics and Space Administration	43.XXX	NAG 9-1456		3,058	3,058
National Aeronautics and Space Administration	43.XXX	NCC 9-126		(1,590)	(1,590)
National Aeronautics and Space Administration	43.XXX	L-71124D		6,173	6,173
National Aeronautics and Space Administration	43.XXX	NNL04AA70G		1,227,165	1,227,165
National Aeronautics and Space Administration	43.XXX	NAG 2-1505 03		69,186	69,186
National Aeronautics and Space Administration	43.XXX	NAG 9-1522 01		231,468	231,468
National Aeronautics and Space Administration	43.XXX	NASA/UNCFSPC		89,544	89,544
National Aeronautics and Space Administration	43.XXX	NAG1-2192		34,422	34,422
National Aeronautics and Space Administration	43.XXX	NAFP		43,300	43,300
National Aeronautics and Space Administration	43.XXX	NCC 9-165		1,096,133	1,096,133
National Aeronautics and Space Administration	43.XXX	5015H0104G089055		47,967	47,967
National Aeronautics and Space Administration	43.XXX	NNJ04HF43G		198,191	198,191
National Aeronautics and Space Administration	43.XXX	NCC3-962		29,504	29,504
National Aeronautics and Space Administration	43.XXX	NNJ04HF50G		5,130	5,130
National Aeronautics and Space Administration	43.XXX	NAG 9-1414		9,177	9,177
National Aeronautics and Space Administration	43.XXX	1314-44-A216		456,228	456,228
National Aeronautics and Space Administration	43.XXX	NNJ04HC19G		1,095,955	1,095,955
National Aeronautics and Space Administration	43.XXX	NAG 8-1570 04		(193)	(193)
National Aeronautics and Space Administration	43.XXX	NNJ04HB05G 01		44,653	44,653
<i>Pass-through from California Institute of Technology</i>	43.XXX	1241927		10,208	10,208
<i>Pass-through from Calnetix</i>	43.XXX	UTA04-30K; SWA		29,040	29,040
<i>Pass-through from Carnegie Institute of Washington</i>	43.XXX	NNA04CC09A		2,711	2,711
<i>Pass-through from Colorado State University</i>	43.XXX	1 NGA9-1569 01		17,757	17,757
<i>Pass-through from Colorado State University</i>	43.XXX	1 NAG9-1569 01		25,746	25,746
<i>Pass-through from Concrete Solutions</i>	43.XXX	UTA04-258		27,759	27,759
<i>Pass-through from California Institute of Technology Jet Propulsion</i>	43.XXX	1223484		257,426	257,426
<i>Pass-through from Raytheon Co</i>	43.XXX	3000616, Mod 13		425,754	425,754
<i>Pass-through from Smithsonian Astrophysical Observatory</i>	43.XXX	GO3-4105C		1,408	1,408
<i>Pass-through from Southwest Research Institute</i>	43.XXX	117834VAR		29,991	29,991
<i>Pass-through from Space Telescope Science Institute</i>	43.XXX	HST-AR-09535.01-A		482,537	482,537

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Aeronautics and Space Administration (continued)</b>					
<i>Pass-through from Stone Aerospace</i>	43.XXX	ASTEPO3-0001-0036		955	955
<i>Pass-through from University of West Florida</i>	43.XXX	2507-276-22		25,009	25,009
Aerospace Education Services Program	43.001		1,188,303	22,418,778	23,607,081
<i>Pass-through from Arizona Department of Water Resources</i>	43.001	2002-2453IGA		52,643	52,643
<i>Pass-through from Baylor College of Medicine</i>	43.001	NBPFO0203 / NCC9-58-		86,891	86,891
<i>Pass-through from Baylor College of Medicine</i>	43.001	NCC-9-58-73		251,138	251,138
<i>Pass-through from California Institute of Technology Jet Propulsion</i>	43.001	1224723/1224608 / 10076	421,702	360,009	781,711
<i>Pass-through from Carnegie Institute of Washington</i>	43.001	NASW-0002		13,400	13,400
<i>Pass-through from Edtek</i>	43.001	EDTEK-NAS4200012955		278,130	278,130
<i>Pass-through from Georgia State University</i>	43.001	BLF57-02, UTA		86,330	86,330
<i>Pass-through from Newtrition Foods</i>	43.001	502716		3,317	3,317
<i>Pass-through from NSBRI</i>	43.001	NCC95849		167,924	167,924
<i>Pass-through from NSBRI</i>	43.001	NFPR00205		264,015	264,015
<i>Pass-through from Pennsylvania State University</i>	43.001	2720-TAMU-NASA-B04G		42,434	42,434
<i>Pass-through from Purdue University</i>	43.001	523-2026-0		5,694	5,694
<i>Pass-through from Raytheon Co</i>	43.001	SYNVUTA04		148,179	148,179
<i>Pass-through from Rockwell International Corp</i>	43.001	B4K512822		8,500	8,500
<i>Pass-through from Southwest Research Institute</i>	43.001	SWRI 299431Q		2,447	2,447
<i>Pass-through from Space Telescope Science Inst</i>	43.001	HST-GO-08728.02A		267,831	267,831
<i>Pass-through from Space Telescope Science Inst</i>	43.001	hst-go-09464-04-a		2,027	2,027
<i>Pass-through from Tuskegee University</i>	43.001	30 22090 108 76190		13,133	13,133
<i>Pass-through from Texas Space Grants Consortium</i>	43.001	04-478		346	346
<i>Pass-through from United Space Alliance, LLC</i>	43.001	297A001126		43,157	43,157
<i>Pass-through from Universities Space Research Association</i>	43.001	8500-98-008 / NAS2-		250,090	250,090
<i>Pass-through from Universities Space Research Association</i>	43.001	9930-258-07		16,022	16,022
<i>Pass-through from Universities Space Research Association</i>	43.001	NCC9-142		9,116	9,116
<i>Pass-through from Universities Space Research Association</i>	43.001	957028		19,724	19,724
<i>Pass-through from University of New Orleans Research and Technology Foundation</i>	43.001	58404-S14		28,577	28,577
<i>Pass-through from University of New Orleans Research and Technology Foundation</i>	43.001	58404-S7		222,219	222,219
<i>Pass-through from University of Tennessee</i>	43.001	OR3610-001.01		225,643	225,643
<i>Pass-through from University Space Research Association</i>	43.001	3907-60		12,458	12,458
<i>Pass-through from Utah State University Research Foundation</i>	43.001	C922182		176,341	176,341
<i>Pass-through from Wyle Laboratories</i>	43.001	T701950002		21,890	21,890
<i>Pass-through from Wyle Laboratories Life Science</i>	43.001	NAS 9-02078		6,501	6,501
Technology Transfer	43.002		99,395	2,975,708	3,075,103
<i>Pass-through from Association of University for Research in Astronomy</i>	43.002	C10335A		4,864	4,864
<i>Pass-through from Baylor College of Medicine</i>	43.002	NCC9-58-142 03 S1		53,808	53,808
<i>Pass-through from California Institute of Technology Jet Propulsion</i>	43.002	JPL-125621		64,083	64,083
<i>Pass-through from MSE, Inc.</i>	43.002	03C671CR		13,191	13,191
<i>Pass-through from Northwestern University</i>	43.002	0980 520 T212 628		49,032	49,032
<i>Pass-through from Scripps Research Institute</i>	43.002	5-97458 / NCC2-1055		147,034	147,034

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Aeronautics and Space Administration (continued)</b>					
<i>Pass-through from Space Telescope Science Institute</i>	43.002	NAS5-26555		7,897	7,897
<i>Pass-through from United Space Alliance</i>	43.002	NAS9-20000		(3)	(3)
Total - National Aeronautics and Space Administration			1,709,400	35,088,353	36,797,753
<b>National Foundation on the Arts and the Humanities</b>					
<i>Pass-through from American Architectural Foundation</i>	45.XXX	UTA04-290		36,400	36,400
<i>Pass-through from Texas Council for the Humanities</i>	45.XXX	2003-2973		1,500	1,500
Promotion of the Arts--Grants to Organizations and Individuals	45.024			214,698	214,698
Promotion of the Humanities--Federal/State Partnership <i>Pass-through from Humanities Texas</i>	45.129	2004-2992		3,500	3,500
Promotion of the Humanities--Challenge Grants	45.130			52,914	52,914
Promotion of the Humanities--Division of Preservation and Access	45.149			531,428	531,428
Promotion of the Humanities--Research Institute of Museum and Library Services	45.161			31,004	31,004
Institute of Museum and Library Services--National Leadership Grants	45.301			16,716	16,716
Total - National Foundation on the Arts and the Humanities			—	1,340,179	1,340,179
<b>National Science Foundation</b>					
National Science Foundation	47.XXX	MCB 0316793 02		78,744	78,744
National Science Foundation	47.XXX	OPP-0085589 03	43,776		43,776
National Science Foundation	47.XXX	DEB-0120709	317,571	6,131,401	6,448,972
National Science Foundation	47.XXX	00-094		36,736	36,736
National Science Foundation	47.XXX	DEB-9815796		(1,424)	(1,424)
National Science Foundation	47.XXX	F001554 / 418920-BA357		161	161
<i>Pass-through from California Institute of Technology Jet Propulsion</i>	47.XXX	1249231		6,221	6,221
<i>Pass-through from Carnegie Mellon University The Adv of Hydr</i>	47.XXX	1120526-151355		173	173
<i>Pass-through from Field Museum of Natural History</i>	47.XXX	UTA04-016		14,394	14,394
<i>Pass-through from Georgia Institute of Technology</i>	47.XXX	50100-1		66,772	66,772
<i>Pass-through from Joint Oceanographic Institute Inc</i>	47.XXX	G-37-X71-G4 JSC3-06 USSSP		58,613	58,613
<i>Pass-through from Microlink Devices Inc</i>	47.XXX	002-S20265550		626	626
<i>Pass-through from National Research Council</i>	47.XXX	UTA04-021		130,410	130,410
<i>Pass-through from Rensselaer Polytechnic Inst</i>	47.XXX	756054		10,600	10,600
<i>Pass-through from Southeastern Universities Research A</i>	47.XXX	A11401		23,003	23,003
<i>Pass-through from Stanford University</i>	47.XXX	SURA-2002-105, Mod 2		88,305	88,305
<i>Pass-through from The Iris Consortium</i>	47.XXX	PY-2320		3,571	3,571
<i>Pass-through from Tulane University</i>	47.XXX	SC345		16,559	16,559
<i>Pass-through from University of Michigan</i>	47.XXX	TUL-156-03/04		26,493	26,493
<i>Pass-through from University of North Carolina at Chapel Hill</i>	47.XXX	3000335501		41,060	41,060
	47.XXX	UNC-CH #5-37497		887,448	887,448

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Science Foundation (continued)</b>					
Engineering Grants	47.041		1,421,353	17,792,721	19,214,074
<i>Pass-through from Auburn University</i>	47.041	502905		38,003	38,003
<i>Pass-through from Consortium University         Research In Earthquakes</i>	47.041	UTA02-102, Mod 1		18,897	18,897
<i>Pass-through from Cornell University</i>	47.041	44771-7476		165,781	165,781
<i>Pass-through from Georgia Institute         of Technology</i>	47.041	e-24-y75-g1		887	887
<i>Pass-through from Intelligent Automation Inc.</i>	47.041	349-a cmi-0319981		22,695	22,695
<i>Pass-through from Louisiana State University</i>	47.041	409446		5,750	5,750
<i>Pass-through from New Mexico State University</i>	47.041	ERS-981266		(2)	(2)
<i>Pass-through from New Mexico State University</i>	47.041	Q00833		9,995	9,995
<i>Pass-through from North American         Geotechnical Comp</i>	47.041	5013H0073G088048		23,432	23,432
<i>Pass-through from Oklahoma State University</i>	47.041	AA-5-69172-NSF		22,191	22,191
<i>Pass-through from Purdue University</i>	47.041	501-0434		4,294	4,294
<i>Pass-through from Purdue University</i>	47.041	501-1094-0		22,800	22,800
<i>Pass-through from Rann Research Corporation</i>	47.041	117962VAR		21,598	21,598
<i>Pass-through from Rice University</i>	47.041	CTS0222504		7,647	7,647
<i>Pass-through from Rochester Institute         of Technology</i>	47.041	EEC-0080502		(7,985)	(7,985)
<i>Pass-through from South Dakota School of Mines</i>	47.041	SDSM&T-UTA 01-02		16,172	16,172
<i>Pass-through from University of Arizona</i>	47.041	Y701580		28,421	28,421
<i>Pass-through from University of         Illinois-Champaign Urban</i>	47.041	04-284		15,631	15,631
<i>Pass-through from University         of New Mexico</i>	47.041	3-20831-7840 / ECS-0196569		15,132	15,132
<i>Pass-through from University         of Southern California</i>	47.041	70238		56,940	56,940
<i>Pass-through from University         of California - Santa</i>	47.041	S0144456		30,570	30,570
<i>Pass-through from University of Illinois</i>	47.041	98-269		90,380	90,380
<i>Pass-through from University of Utah</i>	47.041	58500950		13,508	13,508
<i>Pass-through from Vanderbilt University</i>	47.041	14656-S1 / EEC-9876363		522,326	522,326
Mathematical and Physical Sciences	47.049		341,192	13,828,198	14,169,390
<i>Pass-through from Association         of University for Research</i>	47.049	GF-1006-00		20,523	20,523
<i>Pass-through from Columbia University         In New York</i>	47.049	PHY97-22537		298,339	298,339
<i>Pass-through from Michigan State University</i>	47.049	612083		3,540	3,540
<i>Pass-through from Northern Illinois University</i>	47.049	PO50229		59,220	59,220
<i>Pass-through from Southwest Research Institute</i>	47.049	399834Q		425	425
<i>Pass-through from Southwest Research Institute</i>	47.049	399857N		85,177	85,177
<i>Pass-through from State University of New York</i>	47.049	R193696		1,003	1,003
<i>Pass-through from University of California         at Los Angeles</i>	47.049	0757 P EB884		5,560	5,560
<i>Pass-through from University of Michigan</i>	47.049	F005739 / PHY-0114336		391,178	391,178
<i>Pass-through from University of California - Davis</i>	47.049	UCD 002865-UTSA		58,002	58,002
<i>Pass-through from University of California - Irvin</i>	47.049	2002-1022		81,619	81,619
<i>Pass-through from University of         California - Santa Barbara</i>	47.049	S0094635		120,618	120,618
<i>Pass-through from University of         California - Santa Barbara</i>	47.049	S0144456		31,198	31,198
<i>Pass-through from University of Tennessee</i>	47.049	OR4649-001.01		99,212	99,212
<i>Pass-through from University         of Urbana-Champaign</i>	47.049	04-389		12,605	12,605

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Science Foundation (continued)</b>					
Geosciences	47.050		218,577	5,873,605	6,092,182
<i>Pass-through from Boston University</i>	47.050	ATM-012095		237,348	237,348
<i>Pass-through from Incorporated Research     Institute for Seismology</i>	47.050	EAR-000437		101,841	101,841
<i>Pass-through from Incorporated Research     Institute for Seismology</i>	47.050	SC346		6,137	6,137
<i>Pass-through from Iris Consortium, The</i>	47.050	355		2	2
<i>Pass-through from Joint Oceanographic     Institute Inc</i>	47.050	F001482		15,282	15,282
<i>Pass-through from University of Arkansas     for Medical Science</i>	47.050	502787		15,001	15,001
<i>Pass-through from University of Georgia</i>	47.050	RR100-300/L7512087		20,007	20,007
<i>Pass-through from University of Tulsa</i>	47.050	14-2-1202275-94817		51,024	51,024
Computer and Information Science and Engineering	47.070		558,139	12,957,431	13,515,570
<i>Pass-through from American     Statistical Association</i>	47.070	ASA/SRS-NSF		15,875	15,875
<i>Pass-through from Georgia Tech</i>	47.070	BES-0401627		31,049	31,049
<i>Pass-through from Indiana University</i>	47.070	UTA03-272 103080143		37,608	37,608
<i>Pass-through from Northwestern University</i>	47.070	0980 500 A215 686		39,245	39,245
<i>Pass-through from Penn State University</i>	47.070	2586UTA-NSF-5653		39,157	39,157
<i>Pass-through from Portland State University</i>	47.070	19450	41,345	4,798	46,143
<i>Pass-through from Purdue University</i>	47.070	501-0563-3		84,462	84,462
<i>Pass-through from Purdue University</i>	47.070	500-3767-1		1,299	1,299
<i>Pass-through from Rice University</i>	47.070	R36507-29200099		(2,599)	(2,599)
<i>Pass-through from Rice University</i>	47.070	R38141-79200003		131,532	131,532
<i>Pass-through from Rice University</i>	47.070	R38718-73900004		5,610	5,610
<i>Pass-through from Stanford University</i>	47.070	PY-2722		49,995	49,995
<i>Pass-through from University of     California, San Diego</i>	47.070	10181410		1,870,471	1,870,471
<i>Pass-through from University of     Massachusetts, Amherst</i>	47.070	01-522532		251,007	251,007
<i>Pass-through from University     of California, San Diego</i>	47.070	10232493		38,849	38,849
<i>Pass-through from University of Florida</i>	47.070	EF-EIES-0305001-TEE		174,300	174,300
<i>Pass-through from University of Florida</i>	47.070	UF00116		64,134	64,134
<i>Pass-through from University of Illinois</i>	47.070	822		15,352	15,352
<i>Pass-through from University of Illinois</i>	47.070	780EOT1051A		109,579	109,579
<i>Pass-through from Washington University</i>	47.070	WUHT-02-02/PO 29761M		44,205	44,205
Biological Sciences	47.074		404,214	7,766,262	8,170,476
<i>Pass-through from American     Astronomical Society</i>	47.074	20316		1,614	1,614
<i>Pass-through from American Association for     The Advancement of Sciences</i>	47.074	G72033 03-184		5,000	5,000
<i>Pass-through from Earthspan, Inc.</i>	47.074	DBI-0232521		21,184	21,184
<i>Pass-through from Fordham University</i>	47.074	IBN-0130885		20,549	20,549
<i>Pass-through from Lehigh University</i>	47.074	5 DEB-0210972-03		73,450	73,450
<i>Pass-through from National Science Foundation</i>	47.074	115246VAR		591,625	591,625
<i>Pass-through from Oncosis</i>	47.074	R43AI5298801		1,828	1,828
<i>Pass-through from University of Iowa</i>	47.074	4000077750		31,154	31,154
<i>Pass-through from University of Kansas</i>	47.074	FY2003-21		27,960	27,960
<i>Pass-through from University of     California at Berkeley</i>	47.074	SA3415-22395PG			
<i>Pass-through from University of California at Berkeley</i>	47.074	DBI-0198161		3,483	3,483
<i>Pass-through from University of California Davis</i>	47.074	00RA6786-TTU		196	196
<i>Pass-through from University of     California Santa Barbara</i>	47.074	KK0012 DEB-9980154		1,288	1,288

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>National Science Foundation (continued)</b>					
<i>Pass-through from University of Kansas Center for Research</i>	47.074	38078		13,537	13,537
<i>Pass-through from University of Puerto Rico</i>	47.074	DEB-0218039		43,726	43,726
<i>Pass-through from Virginia Polytechnic Institute</i>	47.074	CR-19094-4271767		126	126
<i>Pass-through from Washington State University</i>	47.074	G001591/OGRD101070-		11,228	11,228
Social, Behavioral, and Economic Sciences	47.075		11,620	2,345,875	2,357,495
<i>Pass-through from Association for Institutional Research</i>	47.075	04-213		28,333	28,333
<i>Pass-through from Civilian Research and Development</i>	47.075	UE2-2448KH-02		2,204	2,204
<i>Pass-through from Southern Methodist University</i>	47.075	G000463		2,843	2,843
<i>Pass-through from State University of New York</i>	47.075	1027138		23,757	23,757
<i>Pass-through from University of Minnesota</i>	47.075	T4496000005		17,702	17,702
Education and Human Resources	47.076		314,291	26,237,265	26,551,556
<i>Pass-through from City University of New York Hunter College</i>	47.076	40467-00-01A		30,906	30,906
<i>Pass-through from Grand Valley State University</i>	47.076	NSF-DUE9981031		2,330	2,330
<i>Pass-through from Howard University</i>	47.076	634143-199		53,591	53,591
<i>Pass-through from Louisiana State University</i>	47.076	ESI-0119735		37,252	37,252
<i>Pass-through from Mathematical Association of America</i>	47.076	H98230-04-1-0079		19,578	19,578
<i>Pass-through from New Mexico State University</i>	47.076	HRD-012419		50,831	50,831
<i>Pass-through from Northwestern University</i>	47.076	0830 310 A630 765		124,558	124,558
<i>Pass-through from SRI International</i>	47.076	55-000359		68,413	68,413
<i>Pass-through from University of Missouri</i>	47.076	01115051-4 / C-5-33953		9,980	9,980
<i>Pass-through from University of Michigan</i>	47.076	F003426		1,233	1,233
<i>Pass-through from University of Nebraska Lincoln</i>	47.076	250521-0059-002NSF		5,610	5,610
Polar Programs	47.078		1,814	1,380,625	1,382,439
<i>Pass-through from University of Alaska</i>	47.078	UAF-02-0023 / FP200613 / OPP-0002239		26,487	26,487
<i>Pass-through from University of Alaska</i>	47.078	G72193 01-202		2,512	2,512
<i>Pass-through from University of California - Berkeley</i>	47.078	SA4105-10100		16,296	16,296
Total - National Science Foundation			<u>3,673,892</u>	<u>103,040,064</u>	<u>106,713,956</u>
<b>Department of Veterans Affairs</b>					
Department of Veterans Affairs	64.XXX	100870VAR		164,879	164,879
Department of Veterans Affairs	64.XXX	114329VAR		34,595	34,595
Department of Veterans Affairs	64.XXX	114643		(367)	(367)
Department of Veterans Affairs	64.XXX	116137		1,524,944	1,524,944
Department of Veterans Affairs	64.XXX	117242VAR		20,956	20,956
Department of Veterans Affairs	64.XXX	118722		16,277	16,277
Department of Veterans Affairs	64.XXX	V741P-033		105,662	105,662
Department of Veterans Affairs	64.XXX	V580P-7663		32,888	32,888
Department of Veterans Affairs	64.XXX	118402VAR		135,866	135,866
Department of Veterans Affairs	64.XXX	118962VAR		7,747	7,747
<i>Pass-through from Central VA-OTX Veterans Health Care</i>	64.XXX	674-C40218		105,197	105,197
<i>Pass-through from South Texas Veterans Health Care</i>	64.XXX	115214VAR		44,100	44,100
<i>Pass-through from Veterans Affairs Medical Center</i>	64.XXX	IRR 02-081		11,815	11,815

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>Department of Veterans Affairs (continued)</b>					
Veterans Medical Care Benefits	64.009			70,098	70,098
Veterans State Hospital Care	64.016			1,000	1,000
Sharing Specialized Medical Resources	64.018			356,534	356,534
Veterans Information and Assistance	64.115			33,010	33,010
Total - Department of Veteran Affairs			—	2,665,201	2,665,201
<b>Environmental Protection Agency</b>					
Environmental Protection Agency	66.XXX	R-82806201	166,834	66,337	233,171
Environmental Protection Agency	66.XXX	582-3-53091		6,111	6,111
Environmental Protection Agency	66.XXX	043UTA0887		84,372	84,372
Environmental Protection Agency	66.XXX	04-334		4,504	4,504
<i>Pass-through from Louisiana State University</i>	66.XXX	R196205		1,394	1,394
<i>Pass-through from Mississippi Space Services</i>	66.XXX	57097		39,250	39,250
Surveys, Studies Investigations, Demonstrations and Special Purpose Activities Relating to Clean Air Act <i>Pass-through from University of Medicine and Dentistry - New Jersey</i>	66.034	68-C-03-149		15,895	15,895
Surveys, Studies Investigations, Demonstrations and Training Grants and Cooperative Agreements	66.436			68,484	68,484
Water Quality Management Planning	66.454		122,602	832,749	955,351
National Estuary Program	66.456			83,112	83,112
<i>Pass-through from Coastal Bend Bays Estuary Program</i>	66.456	0110/ 0308		12,785	12,785
<i>Pass-through from Houston Advanced Research Center</i>	66.456	582-4-65047-ENV-S&T		5,556	5,556
Nonpoint Source Implementation Grant	66.460			485,314	485,314
<i>Pass-through from Dynacorp Systems and Solutions</i>	66.460	502748		7,091	7,091
<i>Pass-through from Dyncorp</i>	66.460	502920		1,183	1,183
<i>Pass-through from Parsons Engineering</i>	66.460	502924		4,709	4,709
<i>Pass-through from River Network</i>	66.460	502438		7,665	7,665
Wetlands Grants	66.461			(4,569)	(4,569)
Water Quality Cooperative Agreements	66.463		67,154	82,801	149,955
<i>Pass-through from Fiberglass Tank and Pipe Institute</i>	66.463	5013H0069G005082		1,386	1,386
<i>Pass-through from University of North Carolina Chapel Hill</i>	66.463	UNC541031		108,462	108,462
Great Lakes Program	66.469	189948		266	266
<i>Pass-through from IT Corporation</i>					
Beach Monitoring and Notification Program Development Grants	66.472			185,074	185,074
Environmental Protection Consolidated Research	66.500		969,422	3,905,972	4,875,394
<i>Pass-through from Louisiana State University</i>	66.500	R82877301, Amd 2		47,326	47,326
<i>Pass-through from Mickey Leland National Air Toxics Research Center</i>	66.500	EPA R828678		48,762	48,762
<i>Pass-through from Research Triangle Institute</i>	66.500	3-7OU-7505		34,624	34,624
<i>Pass-through from University of Southern Mississippi</i>	66.500	USM-GR01079-B10 / R-82945801-0	157,734	243,447	401,181
<i>Pass-through from University of Florida</i>	66.500	502684		41,940	41,940
Science to Achieve Results Programs	66.509			180,429	180,429
Office of Research and Development Consolidated Research	66.511			5,145	5,145
Performance Partnership Grants	66.605			268,937	268,937

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>Environmental Protection Agency (continued)</b>					
Surveys, Studies, Investigations and					
Special Purpose Grants	66.606		177,201	62,574	239,775
<i>Pass-through from New Mexico State University</i>	66.606	X-82971001		128,310	128,310
<i>Pass-through from SRAInternational Inc</i>	66.606	MNG-110204-68W-021-		4,567	4,567
<i>Pass-through from University of Missouri</i>	66.606	501718		21,249	21,249
<i>Pass-through from University of Utah</i>	66.606	X-82971001		2,042	2,042
Training and Fellowships for the					
Environmental Protection Agency	66.607			272,999	272,999
Pollution Prevention Grants Program	66.708			63,089	63,089
Source Reduction Assistance	66.717			9,707	9,707
Hazardous Waste Management State Program Support	66.801			13,690	13,690
Superfund State Political Subdivision, and Indian					
Tribe Site--Specific Cooperative Agreements	66.802			376,633	376,633
Total - Environmental Protection Agency			<u>1,660,947</u>	<u>7,831,373</u>	<u>9,492,320</u>
<b>U.S. Department of Energy</b>					
U.S. Department of Energy	81.XXX	DEFG0399ER20335		694	694
U.S. Department of Energy	81.XXX	DEFG0202ER25534		124,072	124,072
U.S. Department of Energy	81.XXX	DE-FC26-00NT40931		129,669	129,669
U.S. Department of Energy	81.XXX	556435		32,322	32,322
U.S. Department of Energy	81.XXX	537895		195,054	195,054
U.S. Department of Energy	81.XXX	67931		73,151	73,151
U.S. Department of Energy	81.XXX	413693-A9E-P4122			
U.S. Department of Energy	81.XXX	4000032645	2,017,434	4,567,208	6,584,642
U.S. Department of Energy	81.XXX	B292.1		46,860	46,860
U.S. Department of Energy	81.XXX	552712		9,858	9,858
U.S. Department of Energy	81.XXX	DEFG0202ER63439		240,842	240,842
<i>Pass-through from 2ndpoint Inc</i>	81.XXX	UTA03-077		192,583	192,583
<i>Pass-through from American Geological Inst</i>	81.XXX	UTA95-0243		29,837	29,837
<i>Pass-through from Argonne National Lab</i>	81.XXX	3F-00181		31,835	31,835
<i>Pass-through from Argonne National Lab</i>	81.XXX	3B-00401 & Mod 1		51,123	51,123
<i>Pass-through from Bechtel Inc</i>	81.XXX	4300020171		214,096	214,096
<i>Pass-through from BP Corporation</i>					
<i>North America Inc</i>	81.XXX	DEFC2601NT41145		5,147	5,147
<i>Pass-through from British Petroleum</i>					
<i>North America, Inc</i>	81.XXX	T-103		14,208	14,208
<i>Pass-through from Brookhaven</i>					
<i>National Laboratory</i>	81.XXX	79099		29,112	29,112
<i>Pass-through from Burns &amp; McDonnell</i>	81.XXX	28905		9,145	9,145
<i>Pass-through from BWX Technologies Inc</i>	81.XXX	4300024938		139,752	139,752
<i>Pass-through from DRS Infrared</i>					
<i>Technologies, LP</i>	81.XXX	12323		89,631	89,631
<i>Pass-through from Fermi National</i>					
<i>Accelerator Laboratory</i>	81.XXX	547272		318,867	318,867
<i>Pass-through from Idaho National</i>					
<i>Engineering Lab</i>	81.XXX	32403		30,176	30,176
<i>Pass-through from Innovalight, Inc</i>	81.XXX	UTA04-159		25,417	25,417
<i>Pass-through from Intercultural</i>					
<i>Development Res</i>	81.XXX	F04-S1 S283A950031-04		423,619	423,619
<i>Pass-through from Lawrence</i>					
<i>Berkeley National Lab</i>	81.XXX	6712770		152,017	152,017
<i>Pass-through from Lawrence</i>					
<i>Livermore National Lab</i>	81.XXX	B519699		136,066	136,066
<i>Pass-through from Los Alamos National Lab</i>	81.XXX	608BC-001-99 4L		230,177	230,177

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Energy (continued)</b>					
<i>Pass-through from Nanopowder Enterprises Inc</i>	81.XXX	UTA03-367		31,778	31,778
<i>Pass-through from National Renewable Energy Lab</i>	81.XXX	AXE-0-30113-01		501	501
<i>Pass-through from National Renewable Energy Lab</i>	81.XXX	AAT-2-31605-04	126,527		126,527
<i>Pass-through from National Renewable Energy Lab</i>	81.XXX	AAT-2-31605-04		81,150	81,150
<i>Pass-through from National Renewable Energy Lab</i>	81.XXX	ACQ-9-29639-01		23	23
<i>Pass-through from Petroleum Technology Transfer Council</i>	81.XXX	SC 0895		135,167	135,167
<i>Pass-through from Petroleum Technology Transfer Council</i>	81.XXX	SC0895	98,707		98,707
<i>Pass-through from Research Triangle Inst</i>	81.XXX	5-93U-7667		76,143	76,143
<i>Pass-through from Sandia National Laboratories</i>	81.XXX	92189		30,715	30,715
<i>Pass-through from Sandia National Laboratories</i>	81.XXX	LA020204		93,759	93,759
<i>Pass-through from Sandia National Laboratories</i>	81.XXX	59782		31,661	31,661
<i>Pass-through from Sandia National Laboratories</i>	81.XXX	308204		10,766	10,766
<i>Pass-through from Sandia National Laboratories</i>	81.XXX	BE-9266		33,455	33,455
<i>Pass-through from Sandia National Laboratories</i>	81.XXX	230524		34,490	34,490
<i>Pass-through from Sandia National Laboratories</i>	81.XXX	98314		256	256
<i>Pass-through from Sandia National Laboratories</i>	81.XXX	BE-5367 (26391073)		385,040	385,040
<i>Pass-through from Sandia National Laboratories</i>	81.XXX	204574		35,016	35,016
<i>Pass-through from Sandia National Laboratories</i>	81.XXX	22951		8,628	8,628
<i>Pass-through from Sandia National Laboratories</i>	81.XXX	252576		26,778	26,778
<i>Pass-through from Sandia National Laboratories</i>	81.XXX	98475		151,496	151,496
<i>Pass-through from South Carolina University Research and Education</i>	81.XXX	UTA02-356 / DE-FC09-00SR22184		110,556	110,556
<i>Pass-through from University of California Lawrence Livermore National Lab</i>	81.XXX	B521846 / W-7405-ENG-		70,400	70,400
<i>Pass-through from University of California Los Alamos National Lab</i>	81.XXX	03351-001-04 4H		17,688	17,688
<i>Pass-through from University of California Los Alamos National Lab</i>	81.XXX	71824-001-03 47		55,465	55,465
<i>Pass-through from University of California Los Alamos National Lab</i>	81.XXX	55061-001-02 26		22	22
<i>Pass-through from University of Pittsburgh</i>	81.XXX	400960-7 / DE-FC26-01NT41196		24,374	24,374
<i>Pass-through from UT-Battelle LLC</i>	81.XXX	4000013529 / DE-AC05-00OR22725		130,749	130,749
<i>Pass-through from Vecta Technology</i>	81.XXX	UTA03-320		157,487	157,487
<b>University-Laboratory Cooperative Program</b>					
<i>Pass-through from Battelle Memorial Institute</i>	81.004	501959		19,026	19,026
<i>Pass-through from Pacific Northwest National Lab</i>	81.004	502177		(5,652)	(5,652)
<i>Pass-through from Pacific Northwest National Lab</i>	81.004	502846		28,189	28,189
<b>Used Energy-Related Laboratory Equipment Grants</b>	81.022			6,440	6,440
<b>Energy-Related Inventions</b>	81.036			24,947	24,947
<b>National Energy Information Center</b>					
<i>Pass-through from University of California-Lawrence Livermore National Lab</i>	81.039	B536083		12,547	12,547
<b>State Energy Program</b>	81.041			564,346	564,346
<i>Pass-through from Pennsylvania State University</i>	81.041	2284-TAMU-DOE-1025		12,708	12,708
<i>Pass-through from Rice University</i>	81.041	R71700K-29200099		(68,898)	(68,898)
<i>Pass-through from Rice University</i>	81.041	R7A738-79200003		330,495	330,495

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Energy (continued)</b>					
<i>Pass-through from Rice University</i>	81.041	R7A828-79200004		337,170	337,170
<i>Pass-through from University of California - Lawrence Livermore National Lab</i>	81.041	B235324		19,297	19,297
Office of Science Financial Assistance Program	81.049		178,870	16,645,444	16,824,314
<i>Pass-through from Accelerator Technology Corp</i>	81.049	DE-FG03-01ER86123, Amd 4		27,533	27,533
<i>Pass-through from Battelle Memorial Institute</i>	81.049	411887-A9E		2,337	2,337
<i>Pass-through from Bechtel BWXT Idaho, LLC</i>	81.049	22925		840	840
<i>Pass-through from BP Solar International LLC</i>	81.049	ZDO-2-30628-03		35,696	35,696
<i>Pass-through from Bwxt Pantex LLC</i>	81.049	01AMF0004F1		13,568	13,568
<i>Pass-through from Carnegie Mellon University</i>	81.049	1070044-153394		26,569	26,569
<i>Pass-through from Colorado School of Mines Pass-through from Fermi National Accelerator Labor</i>	81.049	4-42253		118,452	118,452
<i>Pass-through from General Atomics Technology</i>	81.049	559361		1,818	1,818
<i>Pass-through from Georgia Institute of Technology</i>	81.049	SA JW231801		55,390	55,390
<i>Pass-through from Idaho State University</i>	81.049	E-19-ZG5-G1		59,681	59,681
<i>Pass-through from Innovalight, Inc</i>	81.049	02-220E		30,804	30,804
<i>Pass-through from Research Partnership to Secure Energy for America</i>	81.049	UTA03-475		33,924	33,924
<i>Pass-through from Sandia National Laboratories</i>	81.049	R-501		105,363	105,363
<i>Pass-through from Sandia National Laboratories</i>	81.049	146215		46,474	46,474
<i>Pass-through from Sandia National Laboratories</i>	81.049	215622		49,756	49,756
<i>Pass-through from Sandia National Laboratories</i>	81.049	219325		9,863	9,863
<i>Pass-through from Sandia National Laboratories</i>	81.049	231996		29,848	29,848
<i>Pass-through from Sandia National Laboratories</i>	81.049	54416		12,886	12,886
<i>Pass-through from Sandia National Laboratories</i>	81.049	63973		18,341	18,341
<i>Pass-through from Sandia National Laboratories</i>	81.049	69281		239,829	239,829
<i>Pass-through from Sandia National Laboratories</i>	81.049	84412		54,922	54,922
<i>Pass-through from Sandia National Laboratories</i>	81.049	312441		40,791	40,791
<i>Pass-through from Sandia National Laboratories</i>	81.049	AV-7583		96,935	96,935
<i>Pass-through from Sandia National Laboratories</i>	81.049	225413/A0340		74,660	74,660
<i>Pass-through from Shear Form</i>	81.049	03-0347		29,519	29,519
<i>Pass-through from University of California- Lawrence Berkeley National Lab</i>	81.049	6702924		46,623	46,623
<i>Pass-through from University of California- Lawrence Berkeley National Lab</i>	81.049	6709725		20,766	20,766
<i>Pass-through from University of California- Lawrence Berkeley National Lab</i>	81.049	6712337		13,943	13,943
<i>Pass-through from University of California- Los Alamos National Lab</i>	81.049	84334-001-04		97,854	97,854
<i>Pass-through from University of California- San Diego</i>	81.049	10227699		33,883	33,883
<i>Pass-through from University of Chicago- Argonne National Laboratory</i>	81.049	1F-01969		50,176	50,176
<i>Pass-through from University of Chicago- Argonne National Laboratory</i>	81.049	3F-00941		7,691	7,691
<i>Pass-through from University of Pittsburgh</i>	81.049	2134692		70,509	70,509
<i>Pass-through from University of Wisconsin-Madison</i>	81.049	P556706		234,450	234,450
<i>Pass-through from UT Battelle LLC</i>	81.049	40000020479		13,042	13,042
University Coal Research	81.057		1,067	92,664	93,731
Office of Scientific and Technical Information					
<i>Pass-through from Sandia National Labs</i>	81.064	28643		181,782	181,782
Nuclear Waste Disposal Siting					
<i>Pass-through from Nye County Nevada</i>	81.065	38456		6,813	6,813

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Energy (continued)</b>					
Regional Biomass Energy Programs	81.079			(117)	(117)
Conservation Research and Development	81.086		(2,112)	884,508	882,396
<i>Pass-through from Battelle</i>	81.086	7518		23,559	23,559
<i>Pass-through from UT-Battelle LLC</i>	81.086	4000011715		38,138	38,138
Renewable Energy Research and Development	81.087		81,919	313,354	395,273
<i>Pass-through from Argonne National Laboratory</i>	81.087	1f-02149		10,540	10,540
<i>Pass-through from Colorado School of Mines</i>	81.087	CSM PROJECT NO. 4-42		43,806	43,806
<i>Pass-through from Midwest Research Institute-     National Renewable Energy Lab</i>	81.087	XDJ-3-33600-01		244,108	244,108
<i>Pass-through from New Mexico State University</i>	81.087	Q00824		38,356	38,356
<i>Pass-through from Siemens Westinghouse     Power Corporation</i>	81.087	4500294341		29,838	29,838
<i>Pass-through from Spire Corp</i>	81.087	200516		119,115	119,115
<i>Pass-through from University     of Nevada</i>	81.087	UNR-04-53/14B41702/ 1320-114-2660		39,803	39,803
<i>Pass-through from University of California-     Los Alamos National Labs</i>	81.087	90214-001-04		74,740	74,740
Fossil Energy Research and Development	81.089		249,695	2,279,048	2,528,743
<i>Pass-through from Clemson     University Research Foundation</i>	81.089	03-01-SR113		107,396	107,396
<i>Pass-through from Montana State University</i>	81.089	502893		30,737	30,737
<i>Pass-through from New Mexico Institute     of Mining and Technology</i>	81.089	UTA04-262		10,317	10,317
<i>Pass-through from New Mexico Inst.     of Mining &amp; Tech</i>	81.089	502891		50,910	50,910
<i>Pass-through from Ohio University</i>	81.089	02-41467-001		46,406	46,406
<i>Pass-through from Pennsylvania State University</i>	81.089	2551-TAMU-DOE-1025		105,265	105,265
<i>Pass-through from Rice University</i>	81.089	R14182-71500003		122,018	122,018
<i>Pass-through from Sandia National Laboratories</i>	81.089	125100		6,288	6,288
<i>Pass-through from Southern     States Energy Board</i>	81.089	SSEB-NT41980-997- UTEXBEG-2004-001		6,092	6,092
<i>Pass-through from University of Alabama</i>	81.089	00-022		25,051	25,051
<i>Pass-through from University of Alabama</i>	81.089	00-063		90,467	90,467
<i>Pass-through from Virginia Polytechnic Inst</i>	81.089	CR-19433-414704		70,105	70,105
<i>Pass-through from Westport Technology     Center Inter</i>	81.089	40144811-100		15,645	15,645
Nuclear Energy Research Initiative	81.092			190,543	190,543
Office of Science and Technology					
for Environmental Management	81.104			785,516	785,516
<i>Pass-through from Clark Atlanta</i>	81.104	OSP-90-10-668-016		(32)	(32)
<i>Pass-through from Clark Atlanta University</i>	81.104	DE-FC04-90		13,032	13,032
<i>Pass-through from Duke Cogema     Stone &amp; Webster LLC</i>	81.104	10888-P0044		17,763	17,763
<i>Pass-through from Education, Research and     Development Association of Georgia Universities</i>	81.104	KGJ37044-O		48,544	48,544
<i>Pass-through from Howard University</i>	81.104	633254-192		43,129	43,129
<i>Pass-through from Howard University</i>	81.104	SC633254-192527		85,859	85,859
<i>Pass-through from New Mexico Institute of Mining</i>	81.104	29M9DT040		4,909	4,909
<i>Pass-through from University of     California-Los Alamos National Labs</i>	81.104	50947-001-02		58,730	58,730
National Industrial Competitiveness through Energy, Environment, and Economics					
<i>Pass-through from Sandia National Laboratories</i>	81.105	184481		67,862	67,862
<i>Pass-through from Sandia National Laboratories</i>	81.105	292340		21,673	21,673

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Energy (continued)</b>					
Epidemiology and Other Health Studies					
Financial Assistance Program	81.108			22,599	22,599
<i>Pass-through from University of California,     Livermore Labs</i>	81.108	B532725		29,731	29,731
National Resource Center for Plutonium	81.110			(1,604)	(1,604)
Stewardship Science Grant Program	81.112			35,836	35,836
Defense Nuclear Nonproliferation Research					
<i>Pass-through from Bechtel Nevada</i>	81.113	30017		5,707	5,707
University Nuclear Science and Reactor Support	81.114		24,896	802,909	827,805
<i>Pass-through from Sandia National Laboratories</i>	81.114	293826		72,897	72,897
<i>Pass-through from South     Carolina State University</i>	81.114	DE-F-G07-01ID14013- TAMU		3,935	3,935
<i>Pass-through from University of     Chicago-Argonne National Lab</i>	81.114	1F-00141		12,218	12,218
Stockpile Stewardship Program	81.115			153,620	153,620
Information Energy Efficiency and Renewable Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117			(363)	(363)
<i>Pass-through from University of California-     Lawrence Berkeley National Lab</i>	81.117	6503346	14,837	(2,910)	11,927
State Energy Program Special Projects	81.119		3,066	4,430	7,496
Total - Department of Energy			<u>2,794,906</u>	<u>36,590,181</u>	<u>39,385,087</u>
<b>United States Information Agency</b>					
United States Information Agency	82.XXX	PECS-0115		31,132	31,132
Total - United States Information Agency			<u>—</u>	<u>31,132</u>	<u>31,132</u>
<b>Federal Emergency Management Agency</b>					
Federal Emergency Management Agency	83.XXX	03-EP-A		31,006	31,006
<i>Pass-through from League     for Innovation in the Community</i>	83.XXX	UTA03-384, AMD 1		97,981	97,981
<i>Pass-through from Southwest     Educational Development</i>	83.XXX	50868		574,264	574,264
Hazard Mitigation Grant	83.548			89,223	89,223
Emergency Management Performance Grants	83.552			(1,137)	(1,137)
Total - Federal Emergency Management Agency			<u>—</u>	<u>791,337</u>	<u>791,337</u>
<b>U.S. Department of Education</b>					
U.S. Department of Education	84.XXX	P116M010015, Action 01	12,154	178,782	190,936
U.S. Department of Education	84.XXX	UTA03-476		5,063	5,063
U.S. Department of Education	84.XXX	UTA04-279		34,421	34,421
<i>Pass-through from National Writing     Project Corp</i>	84.XXX	02-TX11		69,595	69,595
<i>Pass-through from Austin Independent     School District</i>	84.XXX	114424		8,589	8,589
<i>Pass-through from Council of Chief     State School</i>	84.XXX	UTA03-399		4,471	4,471
<i>Pass-through from Southern Methodist University</i>	84.XXX	UTSUB6000607		241,907	241,907
<i>Pass-through from National Council     for Accredited Teachers</i>	84.XXX	UTA04-053		222,877	222,877
<i>Pass-through from RMC Research Corp</i>	84.XXX	ED-03-CO-0082		812,625	812,625

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Education (continued)</b>					
<i>Pass-through from Intercultural Development Research</i>	84.XXX	E03-S1 and Letter Amd		309,925	309,925
<i>Pass-through from University of North Carolina at Greens</i>	84.XXX	SRV03FXL-1291		287	287
<i>Pass-through from Southwest Educational Development</i>	84.XXX	UTA03-284 SUBTASK		299,767	299,767
<i>Pass-through from University of South Florida</i>	84.XXX	311956		2,029	2,029
Adult Education--State Grant Program	84.002			167,741	167,741
Title I Grants to Local Educational Agencies	84.010			328,912	328,912
Migrant Education--State Grant Program	84.011			359,974	359,974
National Resource Centers and Fellowships Program for Language and Area or Language and International Studies	84.015			2,187,623	2,187,623
International: Overseas--Faculty Research Abroad	84.019			48,887	48,887
International: Overseas--Group Projects Abroad	84.021			21,749	21,749
International: Overseas--Doctoral Dissertation	84.022			186,905	186,905
Higher Education--Institutional Aid	84.031			568,456	568,456
Impact Aid					
<i>Pass-through from Sandia National Laboratory</i>	84.041	G73216 03-140		7,476	7,476
Vocational Education--Basic Grants to States	84.048			806,328	806,328
Fund for the Improvement of Postsecondary Education	84.116		263,935	1,560,963	1,824,898
<i>Pass-through from Baylor College of Medicine</i>	84.116	P116B010948		5,144	5,144
<i>Pass-through from North Carolina State University</i>	84.116	2001-1696-02		10,532	10,532
<i>Pass-through from University of Missouri</i>	84.116	C00001245-1		2,244	2,244
<i>Pass-through from University of Illinois</i>	84.116	SUBK 1998		751	751
Minority Science and Engineering Improvement	84.120			122,225	122,225
Rehabilitation Long-Term Training	84.129			824,889	824,889
Centers for Independent Living	84.132			408	408
National Institute on Disability and Rehabilitation Research	84.133		212,619	1,081,081	1,293,700
<i>Pass-through from Baylor College of Medicine</i>	84.133	H133A980073		(294)	(294)
<i>Pass-through from Texas Institute for Rehabilitation and Research</i>	84.133	H133B990014		41,555	41,555
<i>Pass-through from Texas Institute for Rehabilitation and Research</i>	84.133	H133B990014		80,332	80,332
<i>Pass-through from Texas Institute for Rehabilitation and Research</i>	84.133	H133B03117		12,977	12,977
College Housing and Academic Facilities Loans	84.142			79,331	79,331
Migrant Education--Coordination Program	84.144			8,357	8,357
Business and International Education Projects	84.153			8,716	8,716
Javits Fellowships	84.170			109,241	109,241
Special Education--Grants for Infants and Families with Disabilities	84.181			348,466	348,466
Safe and Drug-Free Schools and Communities--National Programs					
<i>Pass-through from Houston Independent School District</i>	84.184	S184L990413		15,472	15,472
Safe and Drug-Free Schools and Communities--State Grants	84.186			695	695
Bilingual Education--Professional Development	84.195		7,903	835,237	843,140

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Education (continued)</b>					
Education for Homeless Children and Youth					
<i>Pass-through from Education Service</i>					
Center-Region X					
	84.196	UTA03-095		417,009	417,009
Graduate Assistance in Areas of National Need	84.200			158,131	158,131
Star Schools					
<i>Pass-through from Iowa Public Television</i>					
	84.203	264-5670		3,374	3,374
<i>Pass-through from Western Illinois University</i>					
	84.203	5-28131		7,311	7,311
Even Start--State Educational Agencies					
<i>Pass-through from Westat Inc.</i>					
	84.213	ED-01-CO-0120		485,056	485,056
Fund for the Improvement of Education					
<i>Pass-through from Iowa Public Television</i>					
	84.215	264-5680		24,277	24,277
<i>Pass-through from Irving Independent</i>					
School District					
	84.215	G72041 04-377		1,907	1,907
Centers for International Business Education					
	84.220			355,447	355,447
Assistive Technology					
	84.224		128,854	564,098	692,952
Eisenhower Professional Development State Grants					
	84.281			814,511	814,511
Charter Schools					
	84.282			221,157	221,157
Twenty-First Century Community Learning Centers					
<i>Pass-through from Austin Independent</i>					
School District					
	84.287	DM-AM015 / 65215		45,012	45,012
Innovative Education Program Strategies					
<i>Pass-through from University of New Orleans</i>					
	84.298	R215K020369 UWM-2/FI		16,891	16,891
Regional Technology in Education Consortia					
<i>Pass-through from Region 19 Education</i>					
Service Center					
	84.302	R303A98008		55,843	55,843
Technology Innovation Challenge Grants					
	84.303			37,175	37,175
<i>Pass-through from Region 19 Education</i>					
Service Center					
	84.303	R303A98008		547,129	547,129
	84.303	R303A990301		184,764	184,764
National Institute on Student Achievement, Curriculum, and Assessment					
	84.305		714,842	2,119,106	2,833,948
<i>Pass-through from American</i>					
Educational Research Association					
	84.305	1354-44-b298		16,769	16,769
National Institute on the Education of At-Risk Students					
<i>Pass-through from University of</i>					
California - Santa Barbara					
	84.306	96243-C-1		(35,162)	(35,162)
<i>Pass-through from University of</i>					
California - Santa Barbara					
	84.306	SC96243-C2		127,356	127,356
Even Start--Statewide Family Literacy Program					
<i>Pass-through from RMC Research Corporation</i>					
	84.314	ED01C550006		26,487	26,487
Capacity Building for Traditionally Underserved Populations					
	84.315			144,970	144,970
Technology Literacy Challenge Fund Grants					
	84.318			78,220	78,220
Special Education--Research and Innovation to Improve Services and Results for Children with Disabilities					
	84.324			1,732,973	1,732,973
<i>Pass-through from University of Missouri</i>					
	84.324	CG005086-1		43,104	43,104
<i>Pass-through from University of Wisconsin</i>					
	84.324	UTA04-402		12,084	12,084
Special Education--Personnel Preparation to Improve Services and Results for Children with Disabilities					
	84.325			1,124,080	1,124,080

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Education (continued)</b>					
Special Education--Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326			10,572	10,572
Advanced Placement Program	84.330			110,328	110,328
Demonstration Projects to Ensure Students with Disabilities Receive a Higher Education	84.333			383,812	383,812
Child Care Access Means Parents in School	84.335			188,906	188,906
Teacher Quality Enhancement Grants	84.336		345,312	1,726,065	2,071,377
Technological Innovation and Cooperation for Foreign Information Access <i>Pass-through from University of California at Los Angeles</i>	84.337	5400-G-DC448		150,389	150,389
Learning Anytime Anywhere Partnerships	84.339		2,669	457,781	460,450
Preparing Tomorrow's Teachers to Use Technology	84.342			160,399	160,399
<i>Pass-through from University of Nevada - Reno</i>	84.342	G72201 03-484		73,565	73,565
Title I Accountability Grants <i>Pass-through from Houston Independent School District</i>	84.348	S3449A010022		69,369	69,369
Reading First State Grants	84.357			746,137	746,137
Early Reading First <i>Pass-through from Decision Information Resources Inc.</i>	84.359	ED-01-CO-27/2		48,112	48,112
Mathematics and Science Partnerships	84.366		117,046	144,945	261,991
Improving Teacher Quality State Grants	84.367			937,564	937,564
Total - U.S. Department of Education			<u>1,805,334</u>	<u>26,761,708</u>	<u>28,567,042</u>
<b>U.S. Department of Health and Human Services</b>					
U.S. Department of Health and Human Services	93.XXX	273-MH-011567 1		11,208	11,208
U.S. Department of Health and Human Services	93.XXX	N01 CM-17003 02		11,277	11,277
U.S. Department of Health and Human Services	93.XXX	100067		(74)	(74)
U.S. Department of Health and Human Services	93.XXX	N01 AO-062713 07		226,796	226,796
U.S. Department of Health and Human Services	93.XXX	N01 CN-05125 2	2,849	185,500	188,349
U.S. Department of Health and Human Services	93.XXX	T3-OAA		1,919	1,919
U.S. Department of Health and Human Services	93.XXX	113804		2,308	2,308
U.S. Department of Health and Human Services	93.XXX	200-2001-00084		258,805	258,805
U.S. Department of Health and Human Services	93.XXX	100075		97,025	97,025
U.S. Department of Health and Human Services	93.XXX	35392 OPHS-3-080		7,756	7,756
U.S. Department of Health and Human Services	93.XXX	G71000 03-028		81,668	81,668
U.S. Department of Health and Human Services	93.XXX	N01AI25489	1,198,941	5,179,992	6,378,933
U.S. Department of Health and Human Services	93.XXX	N01HV28184	154,658		154,658
U.S. Department of Health and Human Services	93.XXX	NIMH00AI0005	8,063		8,063
U.S. Department of Health and Human Services	93.XXX	263-MM-306994-1		2,982	2,982
U.S. Department of Health and Human Services	93.XXX	N02-OR-0-4021 05		144,742	144,742
U.S. Department of Health and Human Services	93.XXX	7 K01 HG000038-05		1,581,267	1,581,267
U.S. Department of Health and Human Services	93.XXX	N01 CN-95139 01		22,500	22,500
U.S. Department of Health and Human Services	93.XXX	5 R25 GM055380-07		227,315	227,315
U.S. Department of Health and Human Services	93.XXX	NIH/NIDA N01DA-2-8822		746,980	746,980
U.S. Department of Health and Human Services	93.XXX	117782		153,474	153,474
U.S. Department of Health and Human Services	93.XXX	100109VAR		1,119,690	1,119,690
U.S. Department of Health and Human Services	93.XXX	117549VAR		794,456	794,456
U.S. Department of Health and Human Services	93.XXX	119011		18,934	18,934
U.S. Department of Health and Human Services	93.XXX	114630		1,951	1,951
U.S. Department of Health and Human Services	93.XXX	100076		(3,744)	(3,744)

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
U.S. Department of Health and Human Services	93.XXX	117551VAR		145,542	145,542
U.S. Department of Health and Human Services	93.XXX	117861		110,690	110,690
U.S. Department of Health and Human Services	93.XXX	NIH/NHLBI N01HO-		102,909	102,909
U.S. Department of Health and Human Services	93.XXX	NIH 263-MA-015148		(6,036)	(6,036)
U.S. Department of Health and Human Services	93.XXX	1097-3781-M-1 1		369	369
U.S. Department of Health and Human Services	93.XXX	N01 CN-095040 04	375,661	106,335	481,996
U.S. Department of Health and Human Services	93.XXX	N01-CM-17003 04		365,173	365,173
U.S. Department of Health and Human Services	93.XXX	N01 CM-07109 05		301,667	301,667
U.S. Department of Health and Human Services	93.XXX	N01 CN-15102 02		228,794	228,794
U.S. Department of Health and Human Services	93.XXX	263-MQ-112277 3		855	855
U.S. Department of Health and Human Services	93.XXX	N01 CN-035159 02		120,042	120,042
U.S. Department of Health and Human Services	93.XXX	5 R01 HD28419-12	34,310	157,801	192,111
U.S. Department of Health and Human Services	93.XXX	117553VAR	123,368	64,411	187,779
U.S. Department of Health and Human Services	93.XXX	N01-LM-3515		104	104
U.S. Department of Health and Human Services	93.XXX	2 R25 GM058397-02	50,825	15,439	66,264
U.S. Department of Health and Human Services	93.XXX	07-0698-043-SAR		19,990	19,990
U.S. Department of Health and Human Services	93.XXX	N01 CP-91024 05		362,154	362,154
U.S. Department of Health and Human Services	93.XXX	1 N01 CN-035112 76	392,005	25,500	417,505
U.S. Department of Health and Human Services	93.XXX	N01 CN-05126 2	173,657	188,111	361,768
U.S. Department of Health and Human Services	93.XXX	N01 CN-85186 4	103,706	325,884	429,590
U.S. Department of Health and Human Services	93.XXX	S900164		2,922	2,922
<i>Pass-through from Adoption Exchange Association</i>	93.XXX	UTA03-585		140,009	140,009
<i>Pass-through from American College of Radiology Imaging Network</i>	93.XXX	116390VAR		1,796	1,796
<i>Pass-through from Austin Learning Academy</i>	93.XXX	UTA03-199		8,000	8,000
<i>Pass-through from Battelle Memorial Institute</i>	93.XXX	700-9604		14,140	14,140
<i>Pass-through from Baylor College of Medicine</i>	93.XXX	N01AI30039		22,871	22,871
<i>Pass-through from Board of Nurse Examiners</i>	93.XXX	07-0700-043-SBT		231,766	231,766
<i>Pass-through from C-motion, Inc.</i>	93.XXX	UTA04-556		10,538	10,538
<i>Pass-through from Case Western Reserve University</i>	93.XXX	115841VAR		26,419	26,419
<i>Pass-through from Children's Research Institute</i>	93.XXX	117680VAR		43,772	43,772
<i>Pass-through from Concrete Solutions</i>	93.XXX	31-1715-111/167(96-97)		172,848	172,848
<i>Pass-through from Fred Hutchinson Cancer Research Center</i>	93.XXX	117177		9,804	9,804
<i>Pass-through from Health Research Inc.</i>	93.XXX	116629		30,327	30,327
<i>Pass-through from Hispanic Serving Health Professions</i>	93.XXX	118240		275	275
<i>Pass-through from John Hopkins University</i>	93.XXX	116630VAR		82,915	82,915
<i>Pass-through from Massachusetts General Hospital</i>	93.XXX	116394VAR		242,520	242,520
<i>Pass-through from MCP Hahnemann University</i>	93.XXX	UTA02-335		24,830	24,830
<i>Pass-through from Mercy Health Center</i>	93.XXX	116630		78,950	78,950
<i>Pass-through from MHMR/Center for Health Care Services</i>	93.XXX	101414		103,402	103,402
<i>Pass-through from Mount Sinai School of Medicine</i>	93.XXX	0254-9824-4609		164,958	164,958
<i>Pass-through from National Cancer Institute</i>	93.XXX	105053		403	403
<i>Pass-through from National Surgical Adjuvant</i>	93.XXX	115842VAR		5,265	5,265
<i>Pass-through from North Shore-long Island Jewish Research Institute (NSLIJRI)</i>	93.XXX	N01 AR-2-2263 02		108,203	108,203
<i>Pass-through from Rann Research Corporation</i>	93.XXX	115342VAR		496	496
<i>Pass-through from Rann Research Corporation</i>	93.XXX	117093		195	195

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-through from Saic-Frederick, Inc.</i>	93.XXX	N01 CO-12400 01		26,253	26,253
<i>Pass-through from Saic-Frederick, Inc.</i>	93.XXX	N01 CO 12400 01		639	639
<i>Pass-through from Saic-Frederick, Inc.</i>	93.XXX	N02 CO-12400 01		2,174	2,174
<i>Pass-through from Scripps Research Institute</i>	93.XXX	1809534		113,521	113,521
<i>Pass-through from Teachers College</i>	93.XXX	512204		51,778	51,778
<i>Pass-through from University of Alabama - Birmingham</i>	93.XXX	5 N01 CN-05110 03		8,809	8,809
<i>Pass-through from University of Alabama - Birmingham</i>	93.XXX	5 N01 CN-25127 02		131,325	131,325
<i>Pass-through from University of Alabama - Birmingham</i>	93.XXX	N01 CN-035103 01		143,975	143,975
<i>Pass-through from University of Alabama - Birmingham</i>	93.XXX	UR3CCU419282 04		380	380
<i>Pass-through from University of Alabama - Birmingham</i>	93.XXX	117871		30	30
<i>Pass-through from University of Arizona</i>	93.XXX	Y714189 / R21CA91454		7,558	7,558
<i>Pass-through from University of Arizona</i>	93.XXX	102062		(866)	(866)
<i>Pass-through from University of Arkansas For Medical Science</i>	93.XXX	12734		968	968
<i>Pass-through from University of British Columbia</i>	93.XXX	20R90824		6,967	6,967
<i>Pass-through from University of California Livermore Labs</i>	93.XXX	B522279		38,496	38,496
<i>Pass-through from University of California San Diego</i>	93.XXX	NIMH00AI0005		272,717	272,717
<i>Pass-through from University of North Carolina</i>	93.XXX	117762VAR		44,686	44,686
<i>Pass-through from University of Pittsburgh</i>	93.XXX	107654-1		57,974	57,974
<i>Pass-through from Veterans Medical Research Foundation</i>	93.XXX	UTA02-313, AMD 1		36,522	36,522
<i>Pass-through from Virginia Commonwealth University</i>	93.XXX	522888/ P517730		71,497	71,497
<i>Pass-through from Wayne State University</i>	93.XXX	N01HD23342		15,698	15,698
<i>Pass-through from Wayne State University</i>	93.XXX	5 N01 ES7518 06 A8		84,352	84,352
<i>Pass-through from William Davidson Institute</i>	93.XXX	S-LMAQM-00-H-0146-02		413	413
Public Health and Social Services Emergency Fund	93.003			3,586	3,586
Special Programs for the Aging--Title IV--and Title II--Discretionary Projects	93.048			518,848	518,848
Food and Drug Administration--Research	93.103			1,523,663	1,523,663
<i>Pass-through from Childrens Mercy Hospital</i>	93.103	FD-R-0001420-01 1		1,357	1,357
<i>Pass-through from Duke University Medical Center</i>	93.103	FDR00215401		35,048	35,048
<i>Pass-through from Duke University</i>	93.103	116164		10,551	10,551
<i>Pass-through from Oak Ridge Association Universities</i>	93.103	502662		37,526	37,526
Model State-Supported Area Health Education Centers	93.107		544,492	98,147	642,639
Maternal and Child Health Federal Consolidated Programs	93.110		187,577	279,934	467,511
Biological Response to Environmental Health Hazards	93.113		414,123	7,552,119	7,966,242
<i>Pass-through from Genomics USA, Inc.</i>	93.113	5013H0246G089667		56,269	56,269
<i>Pass-through from Lynntech</i>	93.113	502916		9	9
<i>Pass-through from Southern University A&amp;M</i>	93.113	OGSP239902		277,603	277,603
<i>Pass-through from University of Montana</i>	93.113	R01ES1112001		100,248	100,248

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-through from Vanderbilt University</i>	93.113	P01ES05355		(209)	(209)
Applied Toxicological Research and Testing	93.114			231,827	231,827
Biometry and Risk Estimation--Health Risks from Environmental Exposures	93.115		48,165	1,624,187	1,672,352
Project Grants and Cooperative Agreements for Tuberculosis Control Programs					
<i>Pass-through from Los Alamos National Lab</i>	93.116	502198		3,638	3,638
<i>Pass-through from Los Alamos National Lab</i>	93.116	502900		946,467	946,467
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118			88,511	88,511
Oral Diseases and Disorders Research	93.121		184,983	5,982,526	6,167,509
<i>Pass-through from Rice University</i>	93.121	1R01DE15164		4,314	4,314
<i>Pass-through from Tuskegee University</i>	93.121	U54DE1425702		5,368	5,368
<i>Pass-through from University of Washington</i>	93.121	R01DE13546-5		60,021	60,021
<i>Pass-through from University of Delaware</i>	93.121	1R01DE135420		10,742	10,742
<i>Pass-through from University of Iowa</i>	93.121	117423		270,174	270,174
<i>Pass-through from University of Louisville Res. Foundation</i>	93.121	7R01DE14546		98,210	98,210
<i>Pass-through from University of North Carolina</i>	93.121	119068VAR	1,292,659	3,314,272	4,606,931
Emergency Medical Services for Children					
<i>Pass-through from Duke Medical Center</i>	93.127	5H70MC0000203	25,000		25,000
Grants to Increase Organ Donations					
<i>Pass-through from University of Pittsburgh</i>	93.134	1R380T01300		70,926	70,926
Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135		131,103	3,528,636	3,659,739
<i>Pass-through from Battelle Memorial Institute</i>	93.135	CDC208-199		12,437	12,437
<i>Pass-through from University of South Carolina</i>	93.135	U48CCCU409664		73,567	73,567
<i>Pass-through from University of South Florida</i>	93.135	U48CCCU415803		1,019	1,019
Injury Prevention and Control Research and State and Community Based Programs	93.136		343,489	156,742	500,231
Community Programs to Improve Minority Health Grant Program	93.137		1,053,991	1,704,783	2,758,774
<i>Pass-through from University of Washington</i>	93.143	5P42ES04696-17 683910		187,482	187,482
AIDS Education and Training Centers	93.145			63,591	63,591
<i>Pass-through from Dallas City Hospital District</i>	93.145	RW		218	218
<i>Pass-through from Howard University</i>	93.145	116077		82,764	82,764
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153		908,025	692,914	1,600,939
<i>Pass-through from Resource Group</i>	93.153	A7800009148		2,698	2,698
Geriatric Training for Physicians, Dentists and Behavioral/Mental Health Professionals	93.156			176,970	176,970
Centers of Excellence	93.157			929,405	929,405
Health Program for Toxic Substances and Disease Registry					
<i>Pass-through from Minority Health Professional Foundation</i>	93.161	U50AT39894808		534	534
Human Genome Research	93.172		256	353,876	354,132
<i>Pass-through from Baylor College of Medicine</i>	93.172	105150VAR		267,920	267,920
<i>Pass-through from Baylor College of Medicine</i>	93.172	1P41HG003083-01A1		17,500	17,500
<i>Pass-through from Research Genetics, Inc.</i>	93.172	3 R41 HG002057 1		33,160	33,160
Research Related to Deafness and Communication Disorders	93.173		860,614	6,430,505	7,291,119
<i>Pass-through from Case Western Reserve University</i>	93.173	5R01DC00538503	36,636	1,277,890	1,314,526

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-through from</i>		510-4004-2 /			
<i>Purdue University</i>	93.173	2 R01 DC00458-14		65,187	65,187
<i>Pass-through from Purdue University</i>	93.173	5R01DC00578802		62,568	62,568
Immunization Research, Demonstration, Public Information and Education--Training and Clinical Skills Improvement Projects	93.185			4,790	4,790
National Research Services Awards					
<i>Pass-through from St. Luke's-Roosevelt Hospital</i>	93.186	1R01HL5002001A2		230	230
Health Education and Training Centers	93.189		51,687	70,577	122,264
Allied Health Special Projects	93.191			125,309	125,309
Human Health Studies--Applied Research and Development	93.206			(153)	(153)
Rural Telemedicine Grants	93.211			8,184	8,184
Research and Training in Complementary and Alternative Medicine	93.213			1,320,664	1,320,664
<i>Pass-through from Carolina Neuromuscular Center</i>	93.213	116705		356,991	356,991
<i>Pass-through from University of Missouri - Columbia</i>	93.213	P01ES1053505		192,878	192,878
<i>Pass-through from University of California</i>	93.213	7R01AT0000504		21,788	21,788
Family Planning--Services	93.217			1,790,499	1,790,499
Substance Abuse treatment Conference Grants	93.218		29,188		29,188
Research on Healthcare Costs, Quality and Outcomes	93.226		167,526	2,459,061	2,626,587
<i>Pass-through from American College of Surgeons</i>	93.226	R01HS0986005		135,509	135,509
<i>Pass-through from Harvard School of Public Health</i>	93.226	1U1HS11886		47,643	47,643
<i>Pass-through from University of Utah</i>	93.226	122182		(11,565)	(11,565)
<i>Pass-through from Yale University</i>	93.226	5P50AA01287004		144,208	144,208
Consolidated Knowledge Development and Application (KD&A) Program	93.230		42,016	654,927	696,943
<i>Pass-through from Center for Health Care Services</i>	93.230	1H79T115755		17,280	17,280
<i>Pass-through from Healy Murphy Center</i>	93.230	115872VAR		131,236	131,236
Abstinence Education	93.235			19,961	19,961
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	93.238		294,715	309,982	604,697
Mental Health Research Grants	93.242			363,744	14,440,815
<i>Pass-through from Columbia University</i>	93.242	5R01MH063852	630,552	9,775,914	10,406,466
<i>Pass-through from Emory University</i>	93.242	5950MH05892205		93,095	93,095
<i>Pass-through from Harvard Medical School</i>	93.242	5P50MH06045004		(8,703)	(8,703)
<i>Pass-through from Johns Hopkins University</i>	93.242	1PO1MH070056		6,671	6,671
<i>Pass-through from Johns Hopkins University</i>	93.242	1PO1MH070306		4,351	4,351
<i>Pass-through from McClean Hospital</i>	93.242	5P50MH6045005		149,845	149,845
<i>Pass-through from Mental Health Research Grants</i>	93.242	118130VAR	362,504	2,867,089	3,229,593
<i>Pass-through from Southern Methodist University</i>	93.242	G72036 04-027		110,649	110,649
<i>Pass-through from Southwest Foundation for Biomedical Research</i>	93.242	MH65462		30,595	30,595
<i>Pass-through from University of California - San Francisco</i>	93.242	3223sc		4,705	4,705

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-through from University of California Berkley</i>	93.242	R01MH3991719		87,180	87,180
<i>Pass-through from University of Colorado</i>	93.242	SPO 26733		53,352	53,352
<i>Pass-through from University of Illinois</i>	93.242	MH39595-15		9,502	9,502
<i>Pass-through from University of Wyoming</i>	93.242	R01MH6366701		23,027	23,027
<i>Pass-through from Yale University</i>	93.242	UTA04-015		29,809	29,809
<i>Pass-through from Yale University</i>	93.242	DKP1071238		75,726	75,726
Substance Abuse and Mental Health Services - Projects of Regional and National Significance					
<i>Pass-through from Drug Prevention Resources, Inc.</i>	93.243	1H79SP1051301		7,604	7,604
Advanced Education Nursing Grant Program	93.247			305,013	305,013
Public Health Training Centers Grant Program Community Access Program	93.249			120,428	120,428
<i>Pass-through from Dallas Academy of Medicine</i>	93.252	5G92OA0013102		19,693	19,693
Infant Adoption Awareness Training					
<i>Pass-through from National Council for Adoption</i>	93.254	26390224		235,726	235,726
Family Planning--Personnel Training	93.260			310,470	310,470
Occupational Safety and Health Research Grants	93.262		63,218	943,877	1,007,095
<i>Pass-through from University of Massachusetts Research Projects</i>	93.262	R21OH07322		504	504
Occupational Safety and Health--Training Grants	93.263			42,348	42,348
Immunization Grants	93.268			(2,700)	(2,700)
Alcohol Research Career Development Awards for Scientists and Clinicians	93.271			141,997	141,997
Alcohol National Research Service Awards for Research Training	93.272			466,130	466,130
Alcohol Research Programs	93.273		506,156	8,387,575	8,893,731
<i>Pass-through from Scripps Research Inst</i>	93.273	1775931		1,196	1,196
<i>Pass-through from University of Kentucky</i>	93.273	46428102045		24,681	24,681
<i>Pass-through from University of South Carolina</i>	93.273	R01AA011828		16,971	16,971
<i>Pass-through from University of Washington</i>	93.273	825449		6,090	6,090
<i>Pass-through from Wake Forest University Health</i>	93.273	5U01AA1364103	48,888	262,319	311,207
Career Development Awards	93.277			537,055	537,055
Drug Abuse National Research Service Awards for Research Training	93.278			275,298	275,298
<i>Pass-through from IQ Solutions</i>	93.278	1R25 DA1075		8,075	8,075
Drug Abuse Research Programs	93.279		513,130	12,725,098	13,238,228
<i>Pass-through from Duke University</i>	93.279	1R01DA016977		36,880	36,880
<i>Pass-through from Georgetown University</i>	93.279	R01DA1045806		56,875	56,875
<i>Pass-through from Kentucky Research Foundation</i>	93.279	04AP030016NRN		48,251	48,251
<i>Pass-through from Loyola University</i>	93.279	118653VAR	120,414	3,691,296	3,811,710
<i>Pass-through from Medical College of Wisconsin</i>	93.279	5R01DA0915508	151,320	4,236,629	4,387,949
<i>Pass-through from Minneapolis Medical Research Foundation</i>	93.279	R01DA015668		17,474	17,474
<i>Pass-through from Mmrf-minneapolis Medical Research</i>	93.279	5R01DA010714-08		9,630	9,630
<i>Pass-through from Nabi, Inc.</i>	93.279	NABI-NIH		9,744	9,744
<i>Pass-through from UCLA</i>	93.279	2000GCJ903		82,190	82,190

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-through from University of Illinois at Chicago</i>	93.279	R01DA00458		2,183	2,183
<i>Pass-through from University of Pittsburgh</i>	93.279	106668-01		42,909	42,909
<i>Pass-through from University of Miami</i>	93.279	66039X		89,108	89,108
<i>Pass-through from University of Miami</i>	93.279	N01 DA-1-1200		50,352	50,352
<i>Pass-through from University of Nebraska - Omaha</i>	93.279	1R25 DA13522		48,415	48,415
Mental Health Research Career/Scientist Development Awards	93.281			822,795	822,795
Mental Health National Research Service Awards for Research Training	93.282			1,202,037	1,202,037
<i>Pass-through from American Psychiatric Institute</i>	93.282	5T32MH01912614		274,845	274,845
Centers for Disease Control and Prevention-- Investigations and Technical Assistance	93.283		314,407	3,750,678	4,065,085
<i>Pass-through from Association of American Medical Colleges</i>	93.283	04EM030080FN		14,604	14,604
<i>Pass-through from Associations of Schools of Public Health</i>	93.283	U36CCU300430		998,901	998,901
<i>Pass-through from Children's Assessment Center Foundation</i>	93.283	CCU617918		10,876	10,876
<i>Pass-through from City of Houston Health and Human Services</i>	93.283	FC 55262		148,925	148,925
<i>Pass-through from Harvard University</i>	93.283	118569VAR		271,090	271,090
<i>Pass-through from Texas Children's Hospital</i>	93.283	S1171-19/19		(370)	(370)
<i>Pass-through from University of Colorado - HSC</i>	93.283	U27CC781210606	324,031	1,116,681	1,440,712
<i>Pass-through from University of Chicago</i>	93.283	R01CCR523379		18,607	18,607
<i>Pass-through from University of Colorado</i>	93.283	027/CCU812106		24,614	24,614
<i>Pass-through from Washington University</i>	93.283	5R01NS32228		21,752	21,752
<i>Pass-through from Washington University</i>	93.283	R01NS32228		17	17
Biomedical Imaging Research	93.286		261,892	3,599,420	3,861,312
<i>Pass-through from City of Houston Health and Human Services</i>	93.286	CCU606238		228,668	228,668
<i>Pass-through from UCLA</i>	93.286	117361VAR		171,843	171,843
<i>Pass-through from University of Wisconsin System</i>	93.286	R01EB000459		58,106	58,106
Bioengineering Research	93.287			537,646	537,646
<i>Pass-through from Kentucky Research Foundation</i>	93.287	03AP010086FA1		23,959	23,959
President's Council on Physical Fitness and Sports	93.289			31,626	31,626
Nurse Practitioner and Nurse-Midwifery Education Program Advanced Nurse Education	93.298			83,203	83,203
National Center for Health Workforce Analysis	93.300		9,961	346,574	356,535
Comparative Medicine	93.306		1,483,546	4,948,364	6,431,910
<i>Pass-through from Oklahoma University Health Sciences Center</i>	93.306	04LM030014FN		171,040	171,040
Loan Repayment for Health Disparities Research	93.307		71,597	219,841	291,438
<i>Pass-through from University of Michigan</i>	93.307	730760		35,069	35,069
Clinical Research	93.333		26,725	5,133,377	5,160,102
<i>Pass-through from Emmes Corporation</i>	93.333	N01HB67132		433	433
<i>Pass-through from University of Medicine and Dentistry, New Jersey</i>	93.333	R25RR1562103		1,355	1,355
Advanced Education Nursing Traineeships	93.358			122,316	122,316
Basic Nurse Education and Practice Grants	93.359			19,550	19,550

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
Nursing Research	93.361		2,597	3,344,354	3,346,951
<i>Pass-through from Children's Hospital Boston</i>	93.361	1R01NR0533602	9,326	2,064	11,390
<i>Pass-through from Pan American     Health Organization</i>	93.361	117678	11,929	968,078	980,007
<i>Pass-through from University of Virginia</i>	93.361	GC11050-119985		16,223	16,223
Biomedical Technology	93.371		40,101	612,421	652,522
<i>Pass-through from Oncosis</i>	93.371	R44RR1537402		92,268	92,268
Minority Biomedical Research Support	93.375			3,993,336	3,993,336
<i>Pass-through from Incarnate Word</i>	93.375	117405VAR		9,305	9,305
<i>Pass-through from New Mexico State University</i>	93.375	V433302		30,231	30,231
<i>Pass-through from University     of The Incarnate Word</i>	93.375	2S06GM55337-05		24,435	24,435
Research Infrastructure	93.389		50,450	11,534,945	11,585,395
<i>Pass-through from Constella Group, Inc.</i>	93.389	32831		9,285	9,285
<i>Pass-through from Oklahoma University     Health Sciences Center</i>	93.389	04LM030014F1		60,530	60,530
<i>Pass-through from University of Kansas</i>	93.389	4-63697-00-265		40,796	40,796
<i>Pass-through from University of Alaska</i>	93.389	117524VAR		649,190	649,190
<i>Pass-through from University of Rochester</i>	93.389	1U54RR1948201		6,198,958	6,198,958
Academic Research Enhancement Award	93.390			64,653	64,653
Cancer Construction	93.392			2,305,679	2,305,679
Cancer Cause and Prevention Research	93.393		1,052,981	23,237,324	24,290,305
<i>Pass-through from Baylor College of Medicine</i>	93.393	5 R01 CA078480 06		90,035	90,035
<i>Pass-through from Baylor College of Medicine</i>	93.393	5 R21 CA086036 02		(3,933)	(3,933)
<i>Pass-through from British Columbia     Cancer Center</i>	93.393	1P01CA09696401A1		103,840	103,840
<i>Pass-through from British Columbia     Cancer Center</i>	93.393	5U01CA09610902		95,123	95,123
<i>Pass-through from British Columbia     Cancer Center</i>	93.393	NO1CN85188		208,167	208,167
<i>Pass-through from Fred Hutchinson     Cancer Research Center</i>	93.393	5 R01 CA071733 04		7,528	7,528
<i>Pass-through from Fred Hutchinson     Cancer Research Center</i>	93.393	5 R01 CA072030 04		(10,575)	(10,575)
<i>Pass-through from Louisiana State     University Medical Center</i>	93.393	2P01 CA028842		38,118	38,118
<i>Pass-through from Mayo Clinic</i>	93.393	5 R01 CA097075 02		78,195	78,195
<i>Pass-through from University of     California, Irvine</i>	93.393	2R01CA07441507		95,967	95,967
<i>Pass-through from University of Pennsylvania</i>	93.393	535587, Mod 4		210,665	210,665
<i>Pass-through from University of Arizona</i>	93.393	5 P01 CA027502 22		51,546	51,546
<i>Pass-through from University of Arizona</i>	93.393	5 P01 CA041108 17		353,656	353,656
<i>Pass-through from University     of California - San Diego</i>	93.393	5 R01 CA069375 06		174,502	174,502
<i>Pass-through from University     of California - San Diego</i>	93.393	5 R01 CA069375 07		161,359	161,359
<i>Pass-through from University     of California - San Francisco</i>	93.393	5 R01 CA052689 13		22,334	22,334
<i>Pass-through from University of Cincinnati</i>	93.393	5U01 CA076293 05		93,109	93,109
<i>Pass-through from University of Georgia</i>	93.393	502573		4,024	4,024
<i>Pass-through from University of Iowa</i>	93.393	1 R01 CA104825 01		5,683	5,683
<i>Pass-through from University of Michigan</i>	93.393	5 R01 CA095662 02		6,970	6,970
<i>Pass-through from Yale University</i>	93.393	117860VAR	143,448	942,370	1,085,818
Cancer Detection and Diagnosis Research	93.394		1,962,002	7,070,355	9,032,357
<i>Pass-through from Alan Penn &amp; Association</i>	93.394	2R44CA0851012		22,038	22,038

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-through from American College of Radiology</i>	93.394	116392VAR		13,344	13,344
<i>Pass-through from American College of Radiology-Imaging</i>	93.394	U01CA80098		195,606	195,606
<i>Pass-through from Biotex Inc</i>	93.394	PS Proj51642		(68)	(68)
<i>Pass-through from Biotex Inc</i>	93.394	R43DK5902801		(2,663)	(2,663)
<i>Pass-through from Duke Clinical Research Institution</i>	93.394	5R01CA082344		44,300	44,300
<i>Pass-through from Endocyte</i>	93.394	2 R44 CA73260 2		49,736	49,736
<i>Pass-through from Mayo Clinic</i>	93.394	1 CA085799 04		220,270	220,270
<i>Pass-through from Research Triangle Institute</i>	93.394	N01 CP-01004		14,149	14,149
<i>Pass-through from Thomas Jefferson University</i>	93.394	1R01CA84140		65,318	65,318
<i>Pass-through from University of Pennsylvania</i>	93.394	5U01CA7468005		(2,683)	(2,683)
<i>Pass-through from Washington University</i>	93.394	2 U24 CA081647 04		17,198	17,198
Cancer Treatment Research	93.395		1,073,827	26,521,938	27,595,765
<i>Pass-through from American College of Radiology</i>	93.395	U10CA21661		10,800	10,800
<i>Pass-through from American College of Radiology</i>	93.395	5 U01 CA080098 03		35,932	35,932
<i>Pass-through from American College of Radiology</i>	93.395	5 U01 CA080098 05		319,216	319,216
<i>Pass-through from American College of Radiology</i>	93.395	5 U10 CA021661 26		5	5
<i>Pass-through from American College of Radiology</i>	93.395	5 U10 CA021661 27		175,029	175,029
<i>Pass-through from Bio Tex, Inc.</i>	93.395	2 R44 CA079282 02		993	993
<i>Pass-through from Comchem Technologies</i>	93.395	UTA03-431		28,071	28,071
<i>Pass-through from CTRC Research Foundation</i>	93.395	107929VAR		681	681
<i>Pass-through from CTRC Research Foundation</i>	93.395	116385VAR		610,286	610,286
<i>Pass-through from Dermigen Corporation</i>	93.395	1 R41 CA101441 01		31,099	31,099
<i>Pass-through from Duke University</i>	93.395	1 U10 CA076001 02		134	134
<i>Pass-through from Duke University</i>	93.395	1U01CA076001		781	781
<i>Pass-through from Duke University</i>	93.395	2 U10 CA033601 24		29,884	29,884
<i>Pass-through from Duke University</i>	93.395	2 U10 CA076001 04		10	10
<i>Pass-through from Duke University</i>	93.395	5 R21 CA090716 02		18,000	18,000
<i>Pass-through from Duke University</i>	93.395	5 U10 CA033601 23		6,659	6,659
<i>Pass-through from Duke University</i>	93.395	5 U10 CA076001 04		4,419	4,419
<i>Pass-through from Duke University</i>	93.395	5 U10 CA076001 07		15,306	15,306
<i>Pass-through from Duke University</i>	93.395	5 U10 CA076001 08		12,144	12,144
<i>Pass-through from Duke University</i>	93.395	5 U10 CA083895 03 A2		1,274	1,274
<i>Pass-through from Duke University</i>	93.395	5 U10 CA085850 04		22,311	22,311
<i>Pass-through from Duke University</i>	93.395	U10CA76001		37,049	37,049
<i>Pass-through from E. P. Limited</i>	93.395	5 R44 CA069926 03		32,231	32,231
<i>Pass-through from Eastern Cooperative Oncology Group (ECOG)</i>	93.395	5 U10 CA021115 01		215	215
<i>Pass-through from Eastern Cooperative Oncology Group (ECOG)</i>	93.395	5U10CA030969		514	514
<i>Pass-through from Fem.cadet</i>	93.395	2 R42 CA080589 02 A2		76,529	76,529
<i>Pass-through from Frontier Science and Technology Research Foundation</i>	93.395	5 U10 CA021115 29 S1		1,155	1,155
<i>Pass-through from Gynecologic Oncology Group</i>	93.395	SPA2746937		30,214	30,214
<i>Pass-through from Gynecologic Oncology Group (GOG)</i>	93.395	5 U10 CA027469 23		11,287	11,287
<i>Pass-through from Inotek Corporation</i>	93.395	5 R43 CA090016 02		9,690	9,690
<i>Pass-through from Introgen Therapeutics</i>	93.395	1 R41 CA83604 01-		44	44

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-through from Introgen Therapeutics</i>	93.395	1 R43 CA097598 01		42,245	42,245
<i>Pass-through from Introgen Therapeutics</i>	93.395	5 R41 CA089778 02		(26,843)	(26,843)
<i>Pass-through from Introgen Therapeutics</i>	93.395	5 R42 CA089778 04		245,353	245,353
<i>Pass-through from John Wayne Cancer Institute</i>	93.395	CA12582		18,355	18,355
<i>Pass-through from John Wayne Cancer Institute</i>	93.395	MMVTIV20		12,454	12,454
<i>Pass-through from Mayo Clinic</i>	93.395	5 U10 CA024507 23		543,367	543,367
<i>Pass-through from Mayo Medical School</i>	93.395	R01CA906360		10,049	10,049
<i>Pass-through from Mt. Sinai School of Medicine</i>	93.395	5 R01 CA097397 02		27,851	27,851
<i>Pass-through from Mt. Sinai/Salick Cancer Center</i>	93.395	5 U01 CA083178 03		645	645
<i>Pass-through from National Childhood Cancer Foundation</i>	93.395	1U10CA9854301		259,862	259,862
<i>Pass-through from National Childhood Cancer Foundation</i>	93.395	U10CA95861		2,599	2,599
<i>Pass-through from National Childhood Cancer Foundation</i>	93.395	1 U10 CA098543 01		101,197	101,197
<i>Pass-through from National Childhood Cancer Foundation</i>	93.395	3 U10 CA013539 22		399	399
<i>Pass-through from National Childhood Cancer Foundation</i>	93.395	5 U10 CA013539 01		833	833
<i>Pass-through from National Childhood Cancer Foundation</i>	93.395	5 U10 CA013539 28		(1,482)	(1,482)
<i>Pass-through from National Childhood Cancer Foundation</i>	93.395	5 U10 CA024507 27		84	84
<i>Pass-through from National Childhood Cancer Foundation</i>	93.395	5 U10 CA098543 03		58,540	58,540
<i>Pass-through from National Childhood Cancer Foundation</i>	93.395	IU01CA9586101		8,898	8,898
<i>Pass-through from Northwestern University</i>	93.395	2U10CAS774505		18,701	18,701
<i>Pass-through from Northwestern University</i>	93.395	5 R01 CA085915 04		27,334	27,334
<i>Pass-through from NSABP</i>	93.395	U10CA12027		17,833	17,833
<i>Pass-through from Ohio State University Research Foundation</i>	93.395	5U01CA6653109		101,588	101,588
<i>Pass-through from Ohio State University</i>	93.395	5 R01 CA058989 05		1,960	1,960
<i>Pass-through from Oregon Health Science University</i>	93.395	5 R01 CA083936 04		128,796	128,796
<i>Pass-through from Pediatric Oncology Group</i>	93.395	5U10CA30969		1,168	1,168
<i>Pass-through from Radiation Therapy Oncology Group</i>	93.395	5 U10 CA021661 28		1,318	1,318
<i>Pass-through from RTOG</i>	93.395	U10CA21661		7,788	7,788
<i>Pass-through from Saic-Frederick, Inc.</i>	93.395	N01 22XS134A 01		17,688	17,688
<i>Pass-through from Southwest Oncology Group</i>	93.395	5 U10 CA032102 23		1,908	1,908
<i>Pass-through from Southwest Oncology Group</i>	93.395	5 U10 CA037429 17		27	27
<i>Pass-through from Spectros Corporation</i>	93.395	2R44CA8359702A1		1,051	1,051
<i>Pass-through from Translite</i>	93.395	2 R42 CA076759 03		155,055	155,055
<i>Pass-through from University of Minnesota</i>	93.395	5U24CA55727		32	32
<i>Pass-through from University of Southern California</i>	93.395	5R01CA0719216		204	204
<i>Pass-through from University of California - San Diego</i>	93.395	5 P01 CA081534 06		618,198	618,198
<i>Pass-through from University of California - San Francisco</i>	93.395	2 U01 CA062399 10		71,469	71,469
<i>Pass-through from University of California - San Francisco</i>	93.395	3 U01 CA062399 10		24,035	24,035
<i>Pass-through from University of Colorado</i>	93.395	4 R33 CA097710 02		39,187	39,187

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-through from University of Illinois</i>	93.395	NO1CN035132		226,877	226,877
<i>Pass-through from University of Miami</i>	93.395	5 R01 CA037109 16		30,334	30,334
<i>Pass-through from University of Minnesota</i>	93.395	5 U24 CA055727 09		(37,015)	(37,015)
<i>Pass-through from University of Minnesota</i>	93.395	5 U24 CA055727 10		249,783	249,783
<i>Pass-through from University of Pennsylvania</i>	93.395	5 R01 CA089442 04		54,580	54,580
<i>Pass-through from University of Southern California</i>	93.395	2 R01 CA071921 06		10	10
<i>Pass-through from University of Southern California</i>	93.395	5 U10 CA085443 03		2	2
<i>Pass-through from University of Southern California</i>	93.395	7 R01 CA071921 02		1,580	1,580
<i>Pass-through from Virginia Commonwealth University</i>	93.395	5 R01 CA093626 03		40,111	40,111
<i>Pass-through from Virginia Commonwealth University</i>	93.395	5 R21 CA092950 03		28,816	28,816
<i>Pass-through from Washington University</i>	93.395	5 U24 CA081647 03		(22,253)	(22,253)
<i>Pass-through from Washington University</i>	93.395	5 U24 CA081647 05		58,236	58,236
<i>Pass-through from Yale University</i>	93.395	R01CA01063701		30,007	30,007
Cancer Biology Research	93.396		467,545	13,962,173	14,429,718
<i>Pass-through from Baylor College of Medicine</i>	93.396	5 U01 CA084243 05		84,405	84,405
<i>Pass-through from Massachusetts Institute of Technology</i>	93.396	5 U01 CA084306 05		165,340	165,340
<i>Pass-through from National Cancer Institute</i>	93.396	1R15CA108536-01		14,689	14,689
<i>Pass-through from University of California - Davis</i>	93.396	CA 90564		57,454	57,454
<i>Pass-through from University of California - San Francisco</i>	93.396	5 P01 CA064602 04		138,533	138,533
<i>Pass-through from University of California - San Francisco</i>	93.396	5 P01 CA064602 08		796,766	796,766
<i>Pass-through from University of Cincinnati</i>	93.396	5U01CA7629305		2,583,277	2,583,277
<i>Pass-through from University of Missouri - Columbia</i>	93.396	5 R01 CA086916 04		33,011	33,011
<i>Pass-through from University of Pennsylvania</i>	93.396	5 R01 CA089202 03		37,687	37,687
<i>Pass-through from University of Vermont</i>	93.396	R01 CA88082-01A1		55,384	55,384
<i>Pass-through from University of Virginia</i>	93.396	5 R01 CA084456 04		4,153	4,153
Cancer Centers Support Grants	93.397		1,033,413	22,965,190	23,998,603
<i>Pass-through from Biomedical Development Corporation</i>	93.397	1 R43 CA103378 01		28,298	28,298
<i>Pass-through from Johns Hopkins University</i>	93.397	5P50CA6292410		44,959	44,959
<i>Pass-through from Johns Hopkins University</i>	93.397	5 P50 CA062924 08		129	129
<i>Pass-through from Memorial Sloan-Kettering Cancer Center</i>	93.397	5 P50 CA068425 05		18	18
<i>Pass-through from San Antonio Cancer Institute</i>	93.397	117337VAR	13,454	1,547,617	1,561,071
<i>Pass-through from University California-San Francisco</i>	93.397	5U54CA09078803		5,793	5,793
<i>Pass-through from University of California</i>	93.397	2P50CA05820710		34,561	34,561
Cancer Research Manpower	93.398		138	3,269,759	3,269,897
Cancer Control	93.399		772,445	10,412,696	11,185,141
<i>Pass-through from Baylor College of Medicine</i>	93.399	104504		6,531	6,531
<i>Pass-through from Baylor College of Medicine</i>	93.399	2 R01 CA078480 07		9,459	9,459
<i>Pass-through from Baylor College of Medicine</i>	93.399	5 R01 CA101211 02		108,924	108,924
<i>Pass-through from Baylor College of Medicine</i>	93.399	5 U01 CA086117 05		42,806	42,806
<i>Pass-through from Baylor College of Medicine</i>	93.399	5 U19 CA086809 04		1,896	1,896
<i>Pass-through from Baylor College of Medicine</i>	93.399	5 U19 CA086809 05		103,313	103,313

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-through from Dartmouth Medical School</i>	93.399	3 R01 CA059005 10 S1		16,734	16,734
<i>Pass-through from Frontier Science and Technology Research Foundation</i>	93.399	5 U01 CA037403 19-S1		812	812
<i>Pass-through from Genometrix, Inc.</i>	93.399	1 R01 ES09910 2		21,752	21,752
<i>Pass-through from Group Health Cooperative</i>	93.399	5 R01 CA074517 05		709	709
<i>Pass-through from Group Health Cooperative</i>	93.399	5 R01 CA074517 05 S1		495	495
<i>Pass-through from Johns Hopkins University</i>	93.399	1 U01 CA084986 01		(6,714)	(6,714)
<i>Pass-through from Mt Sinai Som</i>	93.399	R01CA094006		39,217	39,217
<i>Pass-through from NSABP</i>	93.399	5 U10 CA037377 04		12,625	12,625
<i>Pass-through from NSABP</i>	93.399	5 U10 CA037377 20		511,342	511,342
<i>Pass-through from NSABP</i>	93.399	5 U10 CA037377 A1		30,271	30,271
<i>Pass-through from NSABP</i>	93.399	PFED19UTS01		56,489	56,489
<i>Pass-through from Rice University</i>	93.399	5 U01 CA097431 03		84,026	84,026
<i>Pass-through from Southwest Oncology Group</i>	93.399	117022VAR	118,448	1,979,243	2,097,691
<i>Pass-through from Southwest Oncology Group</i>	93.399	5 U01 CA037429 19		11,392	11,392
<i>Pass-through from Southwest Oncology Group</i>	93.399	5 U10 CA037429 16		159,589	159,589
<i>Pass-through from Southwest Oncology Group</i>	93.399	5 U10 CA037429 17		109	109
<i>Pass-through from Southwest Oncology Group</i>	93.399	5 U10 CA037429 20		237,514	237,514
<i>Pass-through from Southwest Oncology Group</i>	93.399	5 U10 CA077178 07		9,831	9,831
<i>Pass-through from Southwest Oncology Group</i>	93.399	CA37429		339,699	339,699
<i>Pass-through from Southwest Oncology Group</i>	93.399	PCPT9345		10,266	10,266
<i>Pass-through from Trustees of Dartmouth College</i>	93.399	1 R01 CA098286 01		30,521	30,521
<i>Pass-through from University of Chicago</i>	93.399	5U10CA37447	35,656	854,821	890,477
<i>Pass-through from University of Michigan</i>	93.399	5 U01 CA086400 05		209,300	209,300
Temporary Assistance for Needy Families	93.558			185,687	185,687
Community Services Block					
Grant--Discretionary Awards					
<i>Pass-through from National Collegiate Athletic Association</i>	93.570	NYSPF 04-01		61,861	61,861
<i>Pass-through from National Youth Sports Program</i>	93.570	G72140 04-347		72,284	72,284
Refugee and Entrant Assistance--Discretionary Grants	93.576			67,625	67,625
Refugee Assistance - Naturalization and Citizenship	93.589			17,653	17,653
Developmental Disabilities Basic Support and Advocacy Grants					
<i>Pass-through from Texas Council for Developmental Disabilities</i>	93.630	DD-03154		19,136	19,136
University Centers for Excellence in Developmental Disabilities Education, Research and Service	93.632		30,100	326,895	356,995
Social Services Research and Demonstration	93.647			186,738	186,738
Foster Care--Title IV-E	93.658		3,576	2,147,836	2,151,412
Child Abuse and Neglect Discretionary Activities					
<i>Pass-through from University of Notre Dame</i>	93.670	90XA0050/01		2,256	2,256
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779			52,521	52,521
Cell Biology and Biophysics Research	93.821		92,746	4,769,540	4,862,286
Health Careers Opportunity Program	93.822			181,042	181,042
Heart and Vascular Diseases Research	93.837		450,160	20,455,036	20,905,196
<i>Pass-through from Barlow Scientific, Inc</i>	93.837	03LM020054FN		43,794	43,794
<i>Pass-through from Baylor College of Medicine</i>	93.837	4600411746		373,995	373,995
<i>Pass-through from Baylor College of Medicine</i>	93.837	5 R01 HL068884 04		157,617	157,617
<i>Pass-through from Baylor College of Medicine</i>	93.837	5P01HL04995312		1,129,729	1,129,729
<i>Pass-through from Baylor College of Medicine</i>	93.837	N01HC55016		303,681	303,681
<i>Pass-through from Baylor College of Medicine</i>	93.837	R01HL69397		22,808	22,808

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<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-state Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-through from Children's Hospital of Boston</i>	93.837	R01HL66643		433	433
<i>Pass-through from Columbia University</i>	93.837	R01 HL48159		2,121	2,121
<i>Pass-through from Dartmouth College</i>	93.837	R01 HL70247		7,841	7,841
<i>Pass-through from Duke University</i>	93.837	SCD-HeFT		100	100
<i>Pass-through from Duke University</i>	93.837	02-SC-NIH-1013		11,226	11,226
<i>Pass-through from Duke University</i>	93.837	1U01HL0690501		109,425	109,425
<i>Pass-through from Loyola University of Chicago</i>	93.837	5R01HL057832-06		64,267	64,267
<i>Pass-through from Mayo Foundation</i>	93.837	1R01 HL074735		151,975	151,975
<i>Pass-through from Mayo Foundation</i>	93.837	5R01HL53330		235,722	235,722
<i>Pass-through from Medical College of Wisconsin</i>	93.837	1R01HL07292001		19,349	19,349
<i>Pass-through from Medical College of Wisconsin</i>	93.837	2P01HL02958721		23,755	23,755
<i>Pass-through from Medical College of Wisconsin</i>	93.837	5R01GM6245303		21,840	21,840
<i>Pass-through from New England Research</i>	93.837	5U01HL6827003		57,507	57,507
<i>Pass-through from New York Medical College</i>	93.837	5P01HL3430019		61,433	61,433
<i>Pass-through from New York Medical College</i>	93.837	5R01GM6245303		16,642	16,642
<i>Pass-through from Southwestern Foundation for Biomedical Research</i>	93.837	117083VAR		2,472,166	2,472,166
<i>Pass-through from Statistics and Epidemiology Research Corp.</i>	93.837	N01HC55139		4,881	4,881
<i>Pass-through from Tulane University</i>	93.837	U1HL72507A		491,911	491,911
<i>Pass-through from University of Arkansas Medical Science</i>	93.837	11108	1,396,905	21,323,379	22,720,284
<i>Pass-through from University of Michigan</i>	93.837	R01HL39107		309,225	309,225
<i>Pass-through from University of Michigan</i>	93.837	R01HL68737		184,966	184,966
<i>Pass-through from University of Minnesota</i>	93.837	R01HL63082		806,303	806,303
<i>Pass-through from University of Minnesota</i>	93.837	R01HL72524		371,558	371,558
<i>Pass-through from University of Mississippi Medical Center</i>	93.837	R01HL70825		20,760	20,760
<i>Pass-through from University of North Carolina, Chapel Hill</i>	93.837	1R01 HL074377		173,148	173,148
<i>Pass-through from University of Pittsburgh</i>	93.837	5U01HL61744		70,922	70,922
<i>Pass-through from University of Washington</i>	93.837	5R01HL71017		146,649	146,649
<i>Pass-through from University of Washington</i>	93.837	R01HL6562201		49,192	49,192
<b>Lung Diseases Research</b>	93.838		143,604	7,968,533	8,112,137
<i>Pass-through from Baylor College of Medicine</i>	93.838	R01HL64934		16,874	16,874
<i>Pass-through from Henry Ford Health System</i>	93.838	R01HL68971		31,211	31,211
<i>Pass-through from Medical College of Wisconsin</i>	93.838	1R01HL06862701		17,989	17,989
<i>Pass-through from Medical College of Wisconsin</i>	93.838	2R01HL04929409A2		22,938	22,938
<i>Pass-through from Southwestern Foundation for Biomedical Research</i>	93.838	117116VAR	422,304	1,136,883	1,559,187
<i>Pass-through from University of New Mexico</i>	93.838	5R01HL6454804		150,789	150,789
<b>Blood Diseases and Resources Research</b>	93.839		744,827	4,154,851	4,899,678
<i>Pass-through from Baylor College of Medicine</i>	93.839	R01HL65096		74,298	74,298
<i>Pass-through from Columbia University</i>	93.839	5R01HL5377204A		490	490
<i>Pass-through from Harvard Med School</i>	93.839	5P50HL06029205		15	15
<i>Pass-through from Northwestern University</i>	93.839	1R01HL6971701A1		130	130
<i>Pass-through from Stanford University</i>	93.839	1R01 HL079381		12,630	12,630
<i>Pass-through from University of Michigan</i>	93.839	F008503		36,969	36,969
<i>Pass-through from University of Alabama at Birmingham</i>	93.839	N01-HC95095		241,774	241,774
<i>Pass-through from University of Nevada Reno</i>	93.839	502963		175,734	175,734
<i>Pass-through from University of Oklahoma</i>	93.839	1U01HL07228301		89,518	89,518
<i>Pass-through from University of Pittsburgh</i>	93.839	5R01HL6842904		1,476	1,476
<i>Pass-through from University of Wisconsin System</i>	93.839	03LM970080FA4		41,708	41,708
<b>Arthritis, Musculoskeletal and Skin Diseases Research</b>	93.846		1,137,355	9,775,398	10,912,753

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<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-state Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-through from Baylor College of Medicine</i>	93.846	N01AR048662		10,823	10,823
<i>Pass-through from Cedars-Sinai Medical Center</i>	93.846	1R01AR48465		76,055	76,055
<i>Pass-through from National Instst of Arthritis, Musculoskeletal and Skin Diseases</i>	93.846	5 R01 AR044422 08		120,602	120,602
<i>Pass-through from University of Missouri Health Science Center</i>	93.846	116741VAR		1,740,968	1,740,968
<i>Pass-through from University of Alabama - Birmingham</i>	93.846	1P01AR49084		23,568	23,568
<i>Pass-through from University of Alabama - Birmingham</i>	93.846	5R01AR42503		112,790	112,790
<i>Pass-through from University of Minnesota</i>	93.846	5R01 AR48529		9,040	9,040
<i>Pass-through from University of Tennessee</i>	93.846	N01AR92242		51,479	51,479
Diabetes, Endocrinology and Metabolism Research	93.847		124,512	14,655,815	14,780,327
<i>Pass-through from Agennix, Inc.</i>	93.847	2R42DK55374		14,921	14,921
<i>Pass-through from Baylor College of Medicine</i>	93.847	5U19DK6243402		349,797	349,797
<i>Pass-through from Case Western Reserve</i>	93.847	1R01DK5812603		9,479	9,479
<i>Pass-through from Case Western Reserve</i>	93.847	N01DK62203		77,112	77,112
<i>Pass-through from George Washington University</i>	93.847	116762VAR	121,485	3,581,248	3,702,733
<i>Pass-through from Grassroots Pharmaceuticals</i>	93.847	1R41DK63882		24,938	24,938
<i>Pass-through from Natural Therapeutics</i>	93.847	1R43DK47497		196	196
<i>Pass-through from Omniguide Communications</i>	93.847	UTA04-125		37,839	37,839
<i>Pass-through from Plx Pharma Inc</i>	93.847	2R42DK063882		14,632	14,632
<i>Pass-through from University of Chicago</i>	93.847	R01 DK58026		73,123	73,123
<i>Pass-through from Vanderbilt University Medical Center</i>	93.847	U19DK42502		115,353	115,353
Digestive Diseases and Nutrition Research	93.848		789,398	10,475,516	11,264,914
<i>Pass-through from Baylor College of Medicine</i>	93.848	PO4600528741		107,154	107,154
<i>Pass-through from Baylor College of Medicine</i>	93.848	1P30DK56338		144,081	144,081
<i>Pass-through from Natural Therapeutics Inc.</i>	93.848	R43DK52740		5,311	5,311
<i>Pass-through from Southwestern Foundation for Biomedical Research</i>	93.848	115800VAR		1,429,607	1,429,607
Kidney Diseases, Urology and Hematology Research	93.849		106,346	6,180,214	6,286,560
<i>Pass-through from Duke University</i>	93.849	5R01DK5826604		28,740	28,740
<i>Pass-through from University of Miami</i>	93.849	DPT1	10,695	7,706,968	7,717,663
<i>Pass-through from Vanderbilt University</i>	93.849	5P01DK3822616		133,379	133,379
<i>Pass-through from Yale University</i>	93.849	5P50DK5732804		185,298	185,298
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		4,104,508	24,801,240	28,905,748
<i>Pass-through from Baylor College of Medicine</i>	93.853	5R01NS2188920		8,424	8,424
<i>Pass-through from Baylor College of Medicine</i>	93.853	R01 NS42772		45,520	45,520
<i>Pass-through from Baylor College of Medicine</i>	93.853	R21NS4030902		9,803	9,803
<i>Pass-through from Bowman Gray School Medicine</i>	93.853	R01NS22611	1,195,480	5,873,745	7,069,225
<i>Pass-through from Case Western Reserve University</i>	93.853	1R01NS4280901		23,117	23,117
<i>Pass-through from Emory University</i>	93.853	5R01NS366434		19,537	19,537
<i>Pass-through from Emory University</i>	93.853	NS36643		5,758	5,758
<i>Pass-through from Henry Ford Hospital and Health Service</i>	93.853	UTA04-156		2,807	2,807
<i>Pass-through from Loyola University</i>	93.853	LU1760		995	995
<i>Pass-through from Mayo Clinic Rochester</i>	93.853	R01NS41558		115,022	115,022
<i>Pass-through from Mayo University</i>	93.853	R01NS3998701		598	598
<i>Pass-through from Microfab Technologies Inc</i>	93.853	UTA04-018, Year 1		49,237	49,237
<i>Pass-through from Mount Sinai Medical Center</i>	93.853	1R01NS045719		40,199	40,199
<i>Pass-through from Northwestern University</i>	93.853	0600 370 S366 795		115,650	115,650

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-through from Oregon and Health</i>					
<i>Science University</i>	93.853	04AP030069NHN		16,218	16,218
<i>Pass-through from Presbyterian-St. Luke's</i>	93.853	5R01NS3343005		64,203	64,203
<i>Pass-through from Rhode Island</i>	93.853	5R01NS039131		1,496	1,496
<i>Pass-through from Rush Presbyterian St. Luke's</i>	93.853	NS33430		(916)	(916)
<i>Pass-through from The University of Virginia</i>	93.853	GC10579-120182		48,872	48,872
<i>Pass-through from Thomas Jefferson University</i>	93.853	1R01NS4277704		124,777	124,777
<i>Pass-through from University of California</i>	93.853	1U01NS04237201		17,821	17,821
<i>Pass-through from University of Arkansas</i>	93.853	5R01NS4286002		56,851	56,851
<i>Pass-through from University of California</i>	93.853	101AII5416		11,532	11,532
<i>Pass-through from University of Cincinnati</i>	93.853	R01 NS39512		751	751
<i>Pass-through from University of Cincinnati</i>	93.853	P21-040-K663		26,795	26,795
<i>Pass-through from University of Iowa</i>	93.853	1R01NS38554		946	946
<i>Pass-through from University of Medicine</i>					
<i>and Dentistry - New Jersey</i>	93.853	5R01 NS38384		629	629
<i>Pass-through from University of Michigan</i>	93.853	5R01 NS38916		64,330	64,330
<i>Pass-through from University of Rochester</i>	93.853	5R01NS3716705		730	730
<i>Pass-through from University of South Florida</i>	93.853	04LM020034F1		78,210	78,210
<i>Pass-through from University of Tennessee</i>	93.853	R07300326		1,692	1,692
<i>Pass-through from Wake University</i>	93.853	NS34447		60,824	60,824
<i>Pass-through from Washington</i>					
<i>University St. Louis</i>	93.853	WU02166/WU0304		32,027	32,027
<i>Pass-through from Washington University</i>	93.853	N01 HD2-3343		23,239	23,239
Biological Basis Research in Neurosciences	93.854		23,254	1,417,661	1,440,915
<i>Pass-through from California</i>					
<i>Institute of Technology</i>	93.854	102307		419	419
<i>Pass-through from Mt Sinai School of Medicine</i>	93.854	114622		580	580
<i>Pass-through from University of Maryland</i>	93.854	115494		10,686	10,686
Allergy, Immunology and Transplantation Research	93.855		183,728	3,997,072	4,180,800
<i>Pass-through from Baylor College of Medicine</i>	93.855	N01 AI-25465		110,750	110,750
<i>Pass-through from Baylor Research Institute</i>	93.855	U19AI057234	470,851	8,932,166	9,403,017
<i>Pass-through from Biomedical</i>					
<i>Development Corporation</i>	93.855	117982		3,468	3,468
<i>Pass-through from Eastern Virginia</i>					
<i>Medical School</i>	93.855	118884		103,084	103,084
<i>Pass-through from Emmes Corporation</i>	93.855	N01 AI25132		300	300
<i>Pass-through from Emory University</i>	93.855	1R21AI05423402		251,848	251,848
<i>Pass-through from Fred Hutchinson</i>					
<i>Cancer Center</i>	93.855	5U24AI49213		13,151	13,151
<i>Pass-through from George Washington University</i>	93.855	118635		48,279	48,279
<i>Pass-through from New York Medicine</i>	93.855	104621	216,217	1,371,904	1,588,121
<i>Pass-through from Southwest Oncology</i>	93.855	118263		15,910	15,910
<i>Pass-through from University of Iowa</i>	93.855	118162		14,418	14,418
<i>Pass-through from University</i>					
<i>of Maryland at Baltimore</i>	93.855	118876		11,012	11,012
Microbiology and Infectious Diseases Research	93.856		4,782,537	34,021,083	38,803,620
<i>Pass-through from Albert Einstein</i>					
<i>College of Medicine</i>	93.856	502798		186,878	186,878
<i>Pass-through from Baylor College of Medicine</i>	93.856	5 R01 AI039131 05		(836)	(836)
<i>Pass-through from Baylor College of Medicine</i>	93.856	5 U01 AI041089 08		148,773	148,773
<i>Pass-through from Baylor College of Medicine</i>	93.856	5 U10 AI041089 05		44,000	44,000
<i>Pass-through from Baylor College of Medicine</i>	93.856	5R01AI41735		92,332	92,332
<i>Pass-through from Baylor College of Medicine</i>	93.856	N01 AI25465		48,237	48,237
<i>Pass-through from Baylor College of Medicine</i>	93.856	P30AI36211		22,373	22,373
<i>Pass-through from Baylor College of Medicine</i>	93.856	R01AI47341		32,041	32,041

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-through from Biodelivery Sciences International, Inc.</i>	93.856	1 R43 AI051905 01		98,402	98,402
<i>Pass-through from Bio-tex, Inc.</i>	93.856	502691		32	32
<i>Pass-through from Case Western University</i>	93.856	5U01AI045473		10,414	10,414
<i>Pass-through from Dynavax Technologies</i>	93.856	U01AI56559		64,938	64,938
<i>Pass-through from Institute for Genomic Research</i>	93.856	1 R21 AI052236 01		127,132	127,132
<i>Pass-through from Macrogenics, Inc.</i>	93.856	1R43AI05680201		511,190	511,190
<i>Pass-through from Macrogenics, Inc.</i>	93.856	5U01AI05501001A1		5,126	5,126
<i>Pass-through from Marine Biological Laboratory</i>	93.856	5 U01 AI43		18,718	18,718
<i>Pass-through from Massachusetts General Hospital</i>	93.856	UTA03-094		44,290	44,290
<i>Pass-through from McKesson Bio Services</i>	93.856	502696		7,604	7,604
<i>Pass-through from Pharmareview Corporation</i>	93.856	R41AI51050		15,689	15,689
<i>Pass-through from Planet Biotechnology</i>	93.856	UTA04-083		8,000	8,000
<i>Pass-through from Social &amp; Scientific System</i>	93.856	U01AI46362		351,747	351,747
<i>Pass-through from Social &amp; Scientific Systems</i>	93.856	AACTG27517001	299,880	12,273,375	12,573,255
<i>Pass-through from Thomas Jefferson University</i>	93.856	U01AI054764		9,688	9,688
<i>Pass-through from University of California San Francisco</i>	93.856	R008163-01		64,216	64,216
<i>Pass-through from University of Louisville</i>	93.856	T15A10755201A1		(3,818)	(3,818)
<i>Pass-through from University of Minnesota</i>	93.856	1U01AI46957		317,686	317,686
<i>Pass-through from University of New Mexico Health Science Center</i>	93.856	03EM020023F1		3,670	3,670
Pharmacology, Physiology, and Biological Chemistry Research	93.859		280,720	23,473,200	23,753,920
<i>Pass-through from Atactic Technologies, Inc.</i>	93.859	1 R42 GM067364-01-UH		71,723	71,723
<i>Pass-through from Atactic Technologies, Inc.</i>	93.859	4 R42 GM067364-02-UH		23,160	23,160
<i>Pass-through from Harvard Medical School</i>	93.859	2 R01 GM55090-05		194,291	194,291
<i>Pass-through from Massachusetts General Hospital</i>	93.859	5U54GM62119		185,042	185,042
<i>Pass-through from Massachusetts General Hospital</i>	93.859	5U54GM06211902		243,324	243,324
<i>Pass-through from Massachusetts General Hospital</i>	93.859	1U54GM62119		268,084	268,084
<i>Pass-through from Panomics, Inc.</i>	93.859	1 R41 GM068996 01		47,827	47,827
<i>Pass-through from The Scripps Research Institute</i>	93.859	1993981		33,563	33,563
<i>Pass-through from University of California - San Francisco</i>	93.859	2389SC, AMD 4		43,414	43,414
<i>Pass-through from University of California</i>	93.859	2172SC, AMD 6		311,692	311,692
<i>Pass-through from University of California</i>	93.859	5U54GM06933802	5,997,769	22,062,093	28,059,862
<i>Pass-through from University of California</i>	93.859	GM064692		143,873	143,873
<i>Pass-through from University of California- Lawrence Berkeley National Lab</i>	93.859	6511788		277,704	277,704
<i>Pass-through from University of Chicago</i>	93.859	5 U01 GM061393 05		86,221	86,221
<i>Pass-through from University of Colorado</i>	93.859	118321		30,943	30,943
<i>Pass-through from University of North Carolina</i>	93.859	5-30883		19,462	19,462
<i>Pass-through from Washington University</i>	93.859	502672		37,902	37,902
<i>Pass-through from Yale University</i>	93.859	1P01GM066311		518,371	518,371
Genetics and Developmental Biology Research and Research Training	93.862		32,909	7,987,878	8,020,787
<i>Pass-through from Duke University</i>	93.862	DS763		174,921	174,921
<i>Pass-through from University of Idaho</i>	93.862	11504		42,537	42,537

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<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
<i>Pass-through from University of Michigan</i>	93.862	R01GM65509		1,056,281	1,056,281
<i>Pass-through from University of Virginia</i>	93.862	5 R01 GM063045 02		(172)	(172)
Population Research	93.864		191,896	5,354,473	5,546,369
Center for Research for Mothers and Children	93.865		2,556,597	22,440,769	24,997,366
<i>Pass-through from Baylor College of Medicine</i>	93.865	5 R01 HD034031 04		(179)	(179)
<i>Pass-through from Baylor College of Medicine</i>	93.865	5 U01 HD039372 02		(17,827)	(17,827)
<i>Pass-through from Baylor College of Medicine</i>	93.865	5 U01 HD039372 03		(48,668)	(48,668)
<i>Pass-through from Baylor College of Medicine</i>	93.865	5 U01 HD039372 04		271,279	271,279
<i>Pass-through from Center for Applied Linguistics</i>	93.865	1P01 HD39530		7,713	7,713
<i>Pass-through from Children's Boston University</i>	93.865	2U10HD02906709		36,747	36,747
<i>Pass-through from Children's Hospital Los Angeles</i>	93.865	1R01HD41224		6,951	6,951
<i>Pass-through from Columbia Presby Medical Center</i>	93.865	R01HD38652		31,067	31,067
<i>Pass-through from Columbia University</i>	93.865	R01HD4241302		157,111	157,111
<i>Pass-through from Innovaciones Psicoeducativas</i>	93.865	R44HD3695002		11,095	11,095
<i>Pass-through from Reproductive Health Technology Corporation</i>	93.865	R43HD4178201		1,562	1,562
<i>Pass-through from Southwestern Foundation for Biomedical Research</i>	93.865	119152VAR	30,882	539,263	570,145
<i>Pass-through from Southwestern Foundation for Biomedical Research</i>	93.865	R01HD41111		18,591	18,591
<i>Pass-through from University California San Francisco</i>	93.865	K12HD000849		100,828	100,828
<i>Pass-through from University of Alabama</i>	93.865	U01HD039939		90,033	90,033
<i>Pass-through from University of Alabama</i>	93.865	U01HD2786914		86,786	86,786
<i>Pass-through from University of Alabama Birmingham</i>	93.865	5U01HD03993903		62,315	62,315
<i>Pass-through from University of Florida</i>	93.865	330536812-01		5,213	5,213
<i>Pass-through from University of Kansas</i>	93.865	2000-040, M5		93,243	93,243
<i>Pass-through from University of Alabama</i>	93.865	U01 HD39939		16,492	16,492
<i>Pass-through from University of Illinois</i>	93.865	9R01HD04134207		4,824	4,824
<i>Pass-through from University of North Carolina</i>	93.865	UNC-CH 5-52423		5,433	5,433
<i>Pass-through from University of Notre Dame</i>	93.865	5R01HD044868		256,809	256,809
<i>Pass-through from University of Washington</i>	93.865	5R24HD36962904		83,499	83,499
<i>Pass-through from Yale University</i>	93.865	5K12HD0085018		91,357	91,357
<i>Pass-through from Yale University</i>	93.865	5P50HD25802		83,415	83,415
Aging Research	93.866		1,152,553	9,920,522	11,073,075
<i>Pass-through from Baylor College of Medicine</i>	93.866	1 R01 AG020912 01 A1		46,032	46,032
<i>Pass-through from Baylor College of Medicine</i>	93.866	5 P01 NS38660-0		85,793	85,793
<i>Pass-through from Biotex Inc</i>	93.866	PS Proj51606		6	6
<i>Pass-through from Scripps Research Institute</i>	93.866	1R01AF21568		26,876	26,876
<i>Pass-through from University of California at Davis</i>	93.866	502692		16,042	16,042
<i>Pass-through from Umdnj</i>	93.866	5R01AG00847911		53,789	53,789
<i>Pass-through from University California San Diego</i>	93.866	P010045848	510,229	4,448,900	4,959,129
<i>Pass-through from University of Maryland</i>	93.866	P60AG12583		21,556	21,556
<i>Pass-through from University of Michigan</i>	93.866	F005613		395	395
<i>Pass-through from University of Michigan</i>	93.866	117636VAR	1,200,732	7,235,061	8,435,793
<i>Pass-through from University of Michigan</i>	93.866	1R01AG02239401		20,518	20,518
<i>Pass-through from University of Pennsylvania</i>	93.866	3U01AG01048312S1		145	145
<i>Pass-through from University of Rochester</i>	93.866	5R01AG2008602		2,208	2,208
<i>Pass-through from University of Washington</i>	93.866	5U01AG01697604		175,434	175,434
<i>Pass-through from Wake Forest University</i>	93.866	P30AG21332		14,885	14,885

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-state Entities	Expenditures	Total
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
Vision Research	93.867		47,985	14,178,182	14,226,167
<i>Pass-through from Jaeb Center     for Health Research</i>	93.867	119003VAR		604,821	604,821
<i>Pass-through from Jaeb Center     for Health Research</i>	93.867	U10EY09867		157	157
<i>Pass-through from Johns Hopkins University</i>	93.867	LSOCA-96195		53,650	53,650
<i>Pass-through from Johns Hopkins University</i>	93.867	U10EYE0805711		133,477	133,477
<i>Pass-through from Johns Hopkins University</i>	93.867	20013	66,542	2,970,034	3,036,576
<i>Pass-through from Kestrel Corporation</i>	93.867	2R44EY12590-02		37,305	37,305
<i>Pass-through from Ohio State     University Research Foundation</i>	93.867	742811		(1,291)	(1,291)
<i>Pass-through from Ohio State     University Research Foundation</i>	93.867	744479		208,449	208,449
<i>Pass-through from Oregon Health     Sciences University</i>	93.867	1R01EY13139		31,850	31,850
<i>Pass-through from Oregon Health     Sciences University</i>	93.867	2U10EY05874		117,793	117,793
<i>Pass-through from Retina Foundation     of The Southwest</i>	93.867	R01 EY05235		60,130	60,130
<i>Pass-through from University of Pennsylvania</i>	93.867	5 U10 EY006266 18		662	662
<i>Pass-through from University of Pennsylvania</i>	93.867	5 U10 EY006266 19		2,019	2,019
<i>Pass-through from University of Rochester</i>	93.867	412274-G		239,967	239,967
Medical Library Assistance	93.879		52,478	189,968	242,446
<i>Pass-through from Columbia University</i>	93.879	1R01 LM7894		34,590	34,590
<i>Pass-through from Houston     Academy of Medicine</i>	93.879	N01 LM13515		7,907	7,907
<i>Pass-through from Rice University</i>	93.879	5T15LM07093		200	200
<i>Pass-through from Rice University</i>	93.879	R20265739002		7,779	7,779
<i>Pass-through from Rice University</i>	93.879	R20772-739		51,367	51,367
<i>Pass-through from Rice University</i>	93.879	R20773-73900003		62,466	62,466
<i>Pass-through from University of     California Berkeley</i>	93.879	6515114		98,229	98,229
<i>Pass-through from University of Massachusetts</i>	93.879	1G13LM00766601		35,968	35,968
Minority Access to Research Careers	93.880			384,086	384,086
Grants for Residency Training in General					
Internal Medicine and/or General Pediatrics	93.884			637,670	637,670
Physician Assistant Training in Primary Care	93.886			139,521	139,521
<i>Pass-through from HRSA Health Resources     and Service Administration</i>	93.886	6U78HP00001		9,522	9,522
Health Care and Other Facilities	93.887			1,074,625	1,074,625
Resource and Manpower Development in the Environmental Health Sciences	93.894			3,197,794	3,197,794
Rural Health Outreach and Rural Network Development Program	93.912			13,841	13,841
HIV Care Formula Grants	93.917			226,506	226,506
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919			113,045	113,045
Ryan White HIV/AIDS Dental Reimbursements	93.924			89,125	89,125
Healthy Start Initiative	93.926			9,663	9,663
Special Projects of National Significance <i>Pass-through from Centro De Salud     Familiar La Fe, Inc</i>	93.928	1H97HA0018		63,153	63,153
Center for Medical Rehabilitation Research	93.929			576,340	576,340
<i>Pass-through from University of Michigan</i>	93.929	F009470		18,647	18,647

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Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-state Entities	Expenditures	Total
<b>RESEARCH AND DEVELOPMENT CLUSTER (continued)</b>					
<b>U.S. Department of Health and Human Services (continued)</b>					
Fogarty International Research Collaboration Award	93.934		24,931	70,433	95,364
HIV Prevention Activities--Health Department Based	93.940			623,659	623,659
<i>Pass-through from City of Houston Health and Human Services</i>	93.940	FC38863		147	147
HIV Demonstration, Research, Public and Professional Education Projects	93.941			542,426	542,426
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in	93.943			57,508	57,508
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944			1,513,961	1,513,961
Tuberculosis Demonstration, Research, Public and Professional Education	93.947			191,310	191,310
Block Grants for Prevention and Treatment of Substance Abuse	93.959			436,578	436,578
Special Minority Initiatives	93.960			96,920	96,920
Public Health Traineeships	93.964			166,558	166,558
Geriatric Education Centers	93.969			16,060	16,060
<i>Pass-through from Baylor College of Medicine</i>	93.969	5D31HP70112-02		33,508	33,508
Preventive Health Services--Sexually Transmitted Diseases Control Grants	93.977			167,985	167,985
Preventive Health Services--Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants	93.978			627,846	627,846
<i>Pass-through from The Medical Institute</i>	93.978	MI-CDC-MEDIA		83,385	83,385
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance	93.988		15,000	645,603	660,603
Senior International Fellowships	93.989			189,701	189,701
<i>Pass-through from University of California San Diego</i>	93.989	1R01TW05860-01		62,255	62,255
Maternal and Child Health Services Block Grant to the States	93.994			502,195	502,195
Adolescent Family Life--Demonstration Projects <i>Pass-through from Arlington Independent School District</i>	93.995	02-315		5,160	5,160
BioTerrorism Training and Curriculum Development Program	93.996			360,824	360,824
Total - U.S. Department of Health and Human Services				50,285,824	671,403,118
<b>Corporation for National and Community Service</b>					
Retired and Senior Volunteer Program	94.002			33,277	33,277
AmeriCorps	94.006			513,311	513,311
Total - Corporation for National and Community Service				—	546,588
<b>U.S. Agency for International Development</b>					
USAID Foreign Assistance for Programs Overseas <i>Pass-through from Oregon State University</i>	98.001	RD009J-A		18,758	18,758
<i>Pass-through from University of Nebraska</i>	98.001	LAG-G-00-96-90009-00		43,486	43,486
Cooperative Development Program <i>Pass-through from Association of Liaison Office For University Cooperation In Dev.</i>	98.002	HNE-00-97-00059-00		15,535	15,535
Total - U.S. Agency for International Development				—	77,779
<b>Total Research and Development Cluster</b>				76,009,145	1,200,263,615

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<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-state Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>STUDENT FINANCIAL ASSISTANCE CLUSTER</b>					
<b>U.S. Department of Education</b>					
Federal Supplemental Educational Opportunity Grants	84.007			18,416,749	18,416,749
Federal Family Education Loans					
Loans Disbursed	84.032		2,787,744	1,451,385,040	1,454,172,784
Interest Subsidy on Student Loans	84.032			469,256	469,256
Federal Work-Study Program	84.033			20,849,405	20,849,405
Federal Perkins Loan Program	84.038			31,492,913	31,492,913
Federal Pell Grant Program	84.063			373,907,472	373,907,472
Federal Direct Student Loans	84.268			102,709,645	102,709,645
Total - U.S. Department of Education			<u>2,787,744</u>	<u>1,999,230,480</u>	<u>2,002,018,224</u>
<b>U.S. Department of Health and Human Services</b>					
Health Professions Student Loans, Including Primary					
Care Loans/Loans for Disadvantaged Students	93.342			2,057,693	2,057,693
Nursing Student Loans	93.364			546,070	546,070
Scholarships for Health Professions Students from					
Disadvantaged Backgrounds	93.925			2,454,639	2,454,639
Total - U.S. Department of Health and Human Services			—	5,058,402	5,058,402
<b>Total Student Financial Assistance Cluster</b>			<u>2,787,744</u>	<u>2,004,288,882</u>	<u>2,007,076,626</u>
<b>AGING CLUSTER</b>					
<b>U.S. Department of Health and Human Services</b>					
Special Programs for the Aging--Title III, Part B--Grants					
for Supportive Services and Senior Centers	93.044		27,670,159	1,387,844	29,058,003
<i>Pass-through from Area Agency on Aging</i>	93.044	458930	1,249		1,249
<i>Pass-through from Area Agency on Aging</i>	93.044	ATW-03	6,867	71,061	77,928
Special Programs for the Aging--Title III, Part C--Nutrition Services	93.045			30,233,278	30,233,278
Nutrition Services Incentive Program	93.053			6,232,905	6,232,905
<i>Pass-through from Origen Therapeutics</i>	93.053	2 R44 GM64261		76,955	76,955
Total - U.S. Department of Health and Human Services				64,144,458	65,680,318
<b>Total Aging Cluster</b>				<u>64,144,458</u>	<u>65,680,318</u>
<b>CHILD CARE CLUSTER</b>					
<b>U.S. Department of Health and Human Services</b>					
Child Care and Development Block Grant	93.575		172,670,656	33,787,615	206,458,271
<i>Pass-through from Southeast Texas Workforce     Development Board</i>	93.575	WDB-1042		91,748	91,748
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		185,563,260	470	185,563,730
<i>Pass-through from Southeast Texas     Workforce Development Board</i>	93.596	1802CCC005		66,353	66,353
Total - U.S. Department of Health and Human Services				358,233,916	392,180,102
<b>Total Child Care Cluster</b>				<u>358,233,916</u>	<u>392,180,102</u>
<b>CHILD NUTRITION CLUSTER</b>					
<b>U.S. Department of Agriculture</b>					
School Breakfast Program	10.553		248,339,558	2,477,378	250,816,936
National School Lunch Program	10.555		728,829,961	3,899,553	732,729,514
Special Milk Program for Children	10.556		162,787		162,787
Summer Food Service Program for Children	10.559			27,644,900	27,644,900
Total - U.S. Department of Agriculture				977,332,306	1,011,354,137
<b>Total Child Nutrition Cluster</b>				<u>977,332,306</u>	<u>1,011,354,137</u>

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<b>CITIZEN CORPS CLUSTER</b>					
<b>U.S. Department of Homeland Security</b>					
Citizen Corps	97.053		(131,417)	97,964	(33,453)
Total - U.S. Department of Homeland Security			(131,417)	97,964	(33,453)
<b>Total Citizen Corps Cluster</b>			<b>(131,417)</b>	<b>97,964</b>	<b>(33,453)</b>
<b>COMMUNITY ASSISTANCE PROGRAM-STATE SUPPORT SERVICES ELEMENT (CAP-SSSE) CLUSTER</b>					
<b>U.S. Department of Homeland Security</b>					
Community Assistance Program State					
Support Services Element	97.023			127,409	127,409
Total - U.S. Department of Homeland Security			—	127,409	127,409
<b>Total Community Assistance Program-State Support Services Element Cluster</b>			<b>—</b>	<b>127,409</b>	<b>127,409</b>
<b>COMMUNITY EMERGENCY RESPONSE TEAMS CLUSTER</b>					
<b>U.S. Department of Homeland Security</b>					
Community Emergency Response Teams	97.054		825,000		825,000
Total - U.S. Department of Homeland Security			825,000	—	825,000
<b>Total Community Emergency Response Teams Cluster</b>			<b>825,000</b>	<b>—</b>	<b>825,000</b>
<b>CONSOLIDATED HEALTH CENTERS CLUSTER</b>					
<b>U.S. Department of Health and Human Services</b>					
Community Health Centers					
Pass-through from Harris County Hospital District	93.224	2G920A00151		596	596
Total - U.S. Department of Health and Human Services			—	596	596
<b>Total Consolidated Health Centers Cluster</b>			<b>—</b>	<b>596</b>	<b>596</b>
<b>CRISIS COUNSELING CLUSTER</b>					
<b>U.S. Department of Homeland Security</b>					
Crisis Counseling	97.032		(30,131)	41,063	10,932
Total - U.S. Department of Homeland Security			(30,131)	41,063	10,932
<b>Total Crisis Counseling Cluster</b>			<b>(30,131)</b>	<b>41,063</b>	<b>10,932</b>
<b>DISABILITY INSURANCE/SSI CLUSTER</b>					
<b>Social Security Administration</b>					
Social Security--Disability Insurance	96.001			97,149,895	97,149,895
Total - Social Security Administration			—	97,149,895	97,149,895
<b>Total Disability Insurance/SSI Cluster</b>			<b>—</b>	<b>97,149,895</b>	<b>97,149,895</b>
<b>DISASTER UNEMPLOYMENT ASSISTANCE CLUSTER</b>					
<b>Federal Emergency Management Agency</b>					
Disaster Unemployment Assistance	83.541			33,044	33,044
Total - Federal Emergency Management Agency			—	33,044	33,044
<b>Total Disaster Unemployment Cluster</b>			<b>—</b>	<b>33,044</b>	<b>33,044</b>
<b>EMERGENCY FOOD ASSISTANCE CLUSTER</b>					
<b>U.S. Department of Agriculture</b>					
Emergency Food Assistance					
Program (Administrative Costs)	10.568			5,970,363	5,970,363
Emergency Food Assistance					
Program (Food Commodities)	10.569		30,016,231		30,016,231
Total - U.S. Department of Agriculture			30,016,231	5,970,363	35,986,594
<b>Total Emergency Food Assistance Cluster</b>			<b>30,016,231</b>	<b>5,970,363</b>	<b>35,986,594</b>

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<b>EMERGENCY MANAGEMENT INSTITUTE-TRAINING ASSISTANCE CLUSTER</b>					
<b>U.S. Department of Homeland Security</b>					
Emergency Management Institute-Training Assistance	97.026			18,015	18,015
Total - U.S. Department of Homeland Security			—	18,015	18,015
<b>Total Emergency Management Institute-Training Assistance Cluster</b>			—	18,015	18,015
<b>EMERGENCY MANAGEMENT PERFORMANCE GRANTS CLUSTER</b>					
<b>Federal Emergency Management Agency</b>					
Emergency Management Performance Grants	83.552			105,823	105,823
Total - Federal Emergency Management Agency			—	105,823	105,823
<b>U.S. Department of Homeland Security</b>					
Emergency Management Performance Grants	97.042		5,174,418	4,104,985	9,279,403
Total - U.S. Department of Homeland Security			5,174,418	4,104,985	9,279,403
<b>Total Emergency Management Performance Grants Cluster</b>			5,174,418	4,210,808	9,385,226
<b>EMERGENCY OPERATIONS CENTERS CLUSTER</b>					
<b>U.S. Department of Homeland Security</b>					
Emergency Operations Centers	97.052			77,505	77,505
Total - U.S. Department of Homeland Security			—	77,505	77,505
<b>Total Emergency Operations Centers Cluster</b>			—	77,505	77,505
<b>EMPLOYMENT SERVICES CLUSTER</b>					
<b>U.S. Department of Labor</b>					
Employment Service	17.207		11,750,544	39,620,660	51,371,204
Disabled Veterans' Outreach Program (DVOP)	17.801		757,032	3,778,633	4,535,665
Local Veterans' Employment Representative Program	17.804		813,300	4,963,821	5,777,121
Total - U.S. Department of Labor			13,320,876	48,363,114	61,683,990
<b>Total Employment Services Cluster</b>			13,320,876	48,363,114	61,683,990
<b>FEDERAL ASSISTANCE TO INDIVIDUALS AND HOUSEHOLDS DISASTER HOUSING OPERATIONS CLUSTER</b>					
<b>U.S. Department of Homeland Security</b>					
Federal Assistance to Individuals and Households-Disaster Housing Operations	97.049			60,554	60,554
Total - U.S. Department of Homeland Security			—	60,554	60,554
<b>Total Federal Assistance to Individuals and Households Disaster Housing Operations Cluster</b>			—	60,554	60,554
<b>FEDERAL ASSISTANCE TO INDIVIDUALS AND HOUSEHOLDS-OTHER NEEDS CLUSTER</b>					
<b>U.S. Department of Homeland Security</b>					
Federal Assistance to Individuals and Households-Other Needs	97.050			637,401	637,401
Total - U.S. Department of Homeland Security			—	637,401	637,401
<b>Total Federal Assistance to Individuals and Households-Other Needs Cluster</b>			—	637,401	637,401

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<b>FEDERAL TRANSIT CLUSTER</b>					
<b>U.S. Department of Transportation</b>					
Federal Transit--Capital Investment Grants	20.500		92,308		92,308
Federal Transit--Formula Grants	20.507		2,263,548	(15,304)	2,248,244
<i>Pass-through from City of Lubbock</i>	20.507	TX-90-X491		1,568,721	1,568,721
Total - U.S. Department of Transportation			<u>2,355,856</u>	<u>1,553,417</u>	<u>3,909,273</u>
<b>Total Federal Transit Cluster</b>			<u>2,355,856</u>	<u>1,553,417</u>	<u>3,909,273</u>
<b>FISH AND WILDLIFE CLUSTER</b>					
<b>U.S. Department of the Interior</b>					
Sport Fish Restoration	15.605			12,860,496	12,860,496
Wildlife Restoration	15.611			10,047,000	10,047,000
<i>Pass-through from Kansas Department     of Wildlife and Parks</i>	15.611	1351-44-A763		19,982	19,982
Total - U.S. Department of the Interior			<u>—</u>	<u>22,927,478</u>	<u>22,927,478</u>
<b>Total Fish and Wildlife Cluster</b>			<u>—</u>	<u>22,927,478</u>	<u>22,927,478</u>
<b>FLOOD MITIGATION ASSISTANCE CLUSTER</b>					
<b>U.S. Department of Homeland Security</b>					
Flood Mitigation Assistance	97.029		52,231	34,958	87,189
Total - U.S. Department of Homeland Security			<u>52,231</u>	<u>34,958</u>	<u>87,189</u>
<b>Total Flood Mitigation Assistance Cluster</b>			<u>52,231</u>	<u>34,958</u>	<u>87,189</u>
<b>FOOD STAMP CLUSTER</b>					
<b>U.S. Department of Agriculture</b>					
Food Stamps	10.551			2,278,067,121	2,278,067,121
State Administrative Matching Grants for Food Stamp Progr.	10.561		14,379,971	147,438,343	161,818,314
Total - U.S. Department of Agriculture			<u>14,379,971</u>	<u>2,425,505,464</u>	<u>2,439,885,435</u>
<b>Total Food Stamp Cluster</b>			<u>14,379,971</u>	<u>2,425,505,464</u>	<u>2,439,885,435</u>
<b>FOSTER GRANDPARENT/SENIOR COMPANION CLUSTER</b>					
<b>Corporation for National and Community Service</b>					
Foster Grandparent Program	94.011			1,919,528	1,919,528
Total - Corporation for National and Community Service			<u>—</u>	<u>1,919,528</u>	<u>1,919,528</u>
<b>Total Foster Grandparent/Senior     Companion Cluster</b>			<u>—</u>	<u>1,919,528</u>	<u>1,919,528</u>
<b>HAZARD MITIGATION GRANT CLUSTER</b>					
<b>Federal Emergency Management Agency</b>					
Hazard Mitigation Grant	83.548			13	13
Total- Federal Emergency Management Agency			<u>—</u>	<u>13</u>	<u>13</u>
<b>U.S. Department of Homeland Security</b>					
Hazard Mitigation Grants	97.039		41,536,674	1,602,406	43,139,080
Total - U.S. Department of Homeland Security			<u>41,536,674</u>	<u>1,602,406</u>	<u>43,139,080</u>
<b>Total Hazard Mitigation Grant Cluster</b>			<u>41,536,674</u>	<u>1,602,419</u>	<u>43,139,093</u>
<b>HAZARDOUS MATERIALS ASSISTANCE PROGRAM CLUSTER</b>					
<b>U.S. Department of Homeland Security</b>					
Hazardous Materials Assistance Program	97.021		3,201		3,201
Total - U.S. Department of Homeland Security			<u>3,201</u>	<u>—</u>	<u>3,201</u>
<b>Total Hazardous Materials Assistance     Program Cluster</b>			<u>3,201</u>	<u>—</u>	<u>3,201</u>

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<b>HIGHWAY PLANNING AND CONSTRUCTION CLUSTER</b>					
<b>U.S. Department of Transportation</b>					
Highway Planning and Construction	20.205		48,443,128	2,718,941,941	2,767,385,069
Total - U.S. Department of Transportation			48,443,128	2,718,941,941	2,767,385,069
<b>Total Highway Planning and Construction Cluster</b>			48,443,128	2,718,941,941	2,767,385,069
<b>HIGHWAY SAFETY CLUSTER</b>					
<b>U.S. Department of Transportation</b>					
State and Community Highway Safety	20.600		12,172,007	5,978,497	18,150,504
<i>Pass-through from Brazos County</i>	20.600	589XXF5013		764	764
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601			174,808	174,808
Occupant Protection	20.602		1,179,884	7,938	1,187,822
Safety Incentive Grants for Use of Seatbelts	20.604		4,829,669	82,853	4,912,522
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605			10,263	10,263
Total - U.S. Department of Transportation			18,181,560	6,255,123	24,436,683
<b>Total Highway Safety Cluster</b>			18,181,560	6,255,123	24,436,683
<b>MEDICAID CLUSTER</b>					
<b>U.S. Department of Health and Human Services</b>					
State Medicaid Fraud Control Units	93.775			4,821,422	4,821,422
State Survey and Certification of Health Care Providers and Suppliers	93.777			53,519,266	53,519,266
Medical Assistance Program	93.778		38,197,020	10,133,786,272	10,171,983,292
Total - U.S. Department of Health and Human Services			38,197,020	10,192,126,960	10,230,323,980
<b>Total Medicaid Cluster</b>			38,197,020	10,192,126,960	10,230,323,980
<b>NATIONAL DAM SAFETY PROGRAM CLUSTER</b>					
<b>U.S. Department of Homeland Security</b>					
National Dam Safety Program	97.041			131,766	131,766
Total - U.S. Department of Homeland Security			—	131,766	131,766
<b>Total National Dam Safety Program Cluster</b>			—	131,766	131,766
<b>NATIONAL FIRE ACADEMY TRAINING ASSISTANCE CLUSTER</b>					
<b>Federal Emergency Management Agency</b>					
National Fire Academy Training Assistance	83.009			51,354	51,354
Total - Federal Emergency Management Agency			—	51,354	51,354
<b>Total National Fire Academy Training Assistance Cluster</b>			—	51,354	51,354
<b>NATIONAL URBAN SEARCH AND RESCUE (US&amp;R) RESPONSE TEAM CLUSTER</b>					
<b>Federal Emergency Management Agency</b>					
National Urban Search and Rescue (US&R) Response System	83.526			133,054	133,054
Total - Federal Emergency Management Agency			—	133,054	133,054
<b>Total National Urban Search and Rescue (US&amp;R) Response Team Cluster</b>			—	133,054	133,054

**STATE OF TEXAS**

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2004

<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-state Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>PUBLIC ASSISTANCE GRANTS CLUSTER</b>					
<b>Federal Emergency Management Agency</b>					
Public Assistance Grants	83.544			319,844	319,844
Total - Federal Emergency Management Agency			—	319,844	319,844
<b>U.S. Department of Homeland Security</b>					
Public Assistance Grants	97.036		61,091,997	12,407,319	73,499,316
Total - U.S. Department of Homeland Security			61,091,997	12,407,319	73,499,316
<b>Total Public Assistance Grants Cluster</b>			61,091,997	12,727,163	73,819,160
<b>PUBLIC WORKS/ECONOMIC DEV CLUSTER</b>					
<b>U.S. Department of Commerce</b>					
Grants for Public Works and Economic Development Facilit	11.300			514,308	514,308
Economic Adjustment Assistance	11.307			1,405,860	1,405,860
Total - U.S. Department of Commerce			—	1,920,168	1,920,168
<b>Total Public Works/Economic Development Cluster</b>			—	1,920,168	1,920,168
<b>PRE-DISASTER MITIGATION CLUSTER</b>					
<b>U.S. Department of Homeland Security</b>					
Pre Disaster Mitigation	97.047		415,954	5,753	421,707
Total - U.S. Department of Homeland Security			415,954	5,753	421,707
<b>Total Pre-Disaster Mitigation Cluster</b>			415,954	5,753	421,707
<b>SECRET SERVICE TRAINING ACTIVITIES CLUSTER</b>					
<b>U.S. Department of Homeland Security</b>					
Secret Service - Training Activities	97.015			5,359	5,359
Total - U.S. Department of Homeland Security			—	5,359	5,359
<b>Total Secret Service Training Activities Cluster</b>			—	5,359	5,359
<b>SPECIAL EDUCATION CLUSTER</b>					
<b>U.S. Department of Education</b>					
Special Education--Grants to States	84.027		699,351,729	12,983,442	712,335,171
<i>Pass-through from Region XI Esc Ft Worth</i>	84.027	DEC SER		318,049	318,049
Special Education--Preschool Grants	84.173		29,904,438	25,505	29,929,943
Total - U.S. Department of Education			729,256,167	13,326,996	742,583,163
<b>Special Education Cluster</b>			729,256,167	13,326,996	742,583,163
<b>STATE DOMESTIC PREPAREDNESS EQUIPMENT SUPPORT PROGRAM CLUSTER</b>					
<b>U.S. Department of Justice</b>					
State Domestic Preparedness Equipment Support Program	16.007		18,989,515	7,845,125	26,834,640
Total - U.S. Department of Justice			18,989,515	7,845,125	26,834,640
<b>U.S. Department of Homeland Security</b>					
State Domestic Preparedness Equipment Support Program	97.004		180,711	2,392,226	2,572,937
Total - U.S. Department of Homeland Security			180,711	2,392,226	2,572,937
<b>Total State Domestic Preparedness Equipment Support Program Cluster</b>			19,170,226	10,237,351	29,407,577

**STATE OF TEXAS**

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2004

<b>Cluster Name/Federal Grantor/Program Name/ Pass-through Entity</b>	<b>CFDA</b>	<b>Federal/Pass- through Entity Other Identifying No.</b>	<b>Pass-through to Non-state Entities</b>	<b>Expenditures</b>	<b>Total</b>
<b>STATE AND LOCAL ALL HAZARDS EMERGENCY OPERATIONS PLANNING CLUSTER</b>					
<b>U.S. Department of Homeland Security</b>					
State and Local All Hazards Emergency Operations Planning	97.051		1,110,939	724,066	1,835,005
Total - U.S. Department of Homeland Security <b>Total State and Local All Hazards Emergency Operations Planning Cluster</b>			<u>1,110,939</u>	<u>724,066</u>	<u>1,835,005</u>
<b>STATE AND LOCAL DOMESTIC PREPAREDNESS TRAINING PROGRAM CLUSTER</b>					
<b>U.S. Department of Justice</b>					
State and Local Domestic Preparedness Training Programs	16.008		21,459,613	29,369,696	50,829,309
Total - U.S. Department of Justice			<u>21,459,613</u>	<u>29,369,696</u>	<u>50,829,309</u>
<b>U.S. Department of Homeland Security</b>					
State and Local Domestic Preparedness Training Programs	97.005			2,331	2,331
Total - U.S. Department of Homeland Security <b>Total State and Local Domestic Preparedness Training Program Cluster</b>			<u>—</u>	<u>2,331</u>	<u>2,331</u>
<b>TRIO CLUSTER</b>					
<b>U.S. Department of Education</b>					
TRIO--Student Support Services	84.042			4,168,158	4,168,158
TRIO--Talent Search	84.044			3,244,576	3,244,576
TRIO--Upward Bound	84.047			9,413,336	9,413,336
<i>Pass-through from San Jacinto</i>	84.047			2,542	2,542
TRIO--Educational Opportunity Centers	84.066			1,173,147	1,173,147
TRIO--McNair Post-Baccalaureate Achievement	84.217			2,410,136	2,410,136
Total - U.S. Department of Education <b>Total Trio Cluster</b>			<u>—</u>	<u>20,411,895</u>	<u>20,411,895</u>
<b>URBAN AREAS SECURITY INITIATIVE CLUSTER</b>					
<b>U.S. Department of Justice</b>					
Urban Areas Security Initiative	16.011		184,875		184,875
Total - U.S. Department of Justice			<u>184,875</u>	<u>—</u>	<u>184,875</u>
<b>U.S. Department of Homeland Security</b>					
Urban Areas Security Initiative	97.008		223,881	445,599	669,480
Total - U.S. Department of Homeland Security <b>Total Urban Areas Security Initiative Cluster</b>			<u>223,881</u>	<u>445,599</u>	<u>669,480</u>
<b>WORKFORCE INVESTMENT ACT CLUSTER</b>					
<b>U.S. Department of Labor</b>					
Workforce Investment Act					
<i>Pass-through from South Plains Food Bank</i>	17.255	1354-44-1735		(16)	(16)
WIA Adult Program	17.258		73,010,973	5,120,127	78,131,100
<i>Pass-through from Houston/Galveston Area Council</i>	17.258	513-04		28,655	28,655
<i>Pass-through from Houston/Galveston Area Council</i>	17.258	514-04		27,180	27,180
<i>Pass-through from Upper Rio Grande Workforce Development Board</i>	17.258	PY02-245-848-20		19,229	19,229
WIA Youth Activities	17.259		64,416,253	11,104,595	75,520,848
<i>Pass-through from Alamo Workforce Development, Inc.</i>	17.259	AADC-2001-04		100,389	100,389
<i>Pass-through from Alamo Workforce Development, Inc.</i>	17.259	2004WIN000		22,874	22,874

**STATE OF TEXAS**

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2004

Cluster Name/Federal Grantor/Program Name/ Pass-through Entity	CFDA	Federal/Pass- through Entity Other Identifying No.	Pass-through to Non-state Entities	Expenditures	Total
<b>WORKFORCE INVESTMENT ACT CLUSTER (continued)</b>					
<b>U.S. Department of Labor (continued)</b>					
<i>Pass-through from Middle Rio Workforce</i>	17.259	WFB-04-016-04		41,678	41,678
<i>Pass-through from Middle Rio Workforce</i>	17.259	WFB-04-040-03		(3,134)	(3,134)
<i>Pass-through from Middle Rio Workforce</i>	17.259	WFB-04-050-02		927	927
<i>Pass-through from South Plains Community Action Association</i>	17.259	1354-46-A779		1,730	1,730
<i>Pass-through from Upper Rio Grande Workforce Development Board</i>	17.259	PY02-245-848-20		24,192	24,192
WIA Dislocated Workers	17.260		75,870,849	5,332,654	81,203,503
<i>Pass-through from Upper Rio Grande Workforce Development Board</i>	17.260	PY02-245-848-20		12,329	12,329
Total - U.S. Department of Labor			<u>213,298,075</u>	<u>21,833,409</u>	<u>235,131,484</u>
<b>Total Workforce Investment Cluster</b>			<u>213,298,075</u>	<u>21,833,409</u>	<u>235,131,484</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 5,571,490,741</u>	<u>\$ 24,509,006,676</u>	<u>\$ 30,080,497,417</u>

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**Schedule of Findings and Questioned Costs**

Federal Portion of  
Statewide Single Audit Report

For the Year Ended August 31, 2004

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# STATE OF TEXAS

## Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2004

### (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 four component units, for the fiscal year ended August 31, 2004. Those components units, Texas Guaranteed Student Loan Corporation, Texas A&M Research Foundation, Boll Weevil Foundation of the Department of Agriculture, and Texas State Affordable Housing Corporation, are subject to separate audits in compliance with Office of Management Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The federal transactions for these four entities are excluded from the Schedule.

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).

## STATE OF TEXAS

### Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2004

#### (3) Relationship 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	\$ 24,381,817,194
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds, Federal Revenue	2,515,911,000
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds, Capital Contributions - Federal	9,752,434
Statement of Changes in Fiduciary Net Assets	1,538,934
Statement of Activities – Component Units, Operating Grants and Contributions	<u>107,579,526</u>
Total Federal Revenue Per Financial Statements	27,016,599,088

##### Reconciling Items

Non-Cash Federal Commodities/Vaccines/ Surplus Property/Other (Note 6)	231,751,805
Various Loans Processed by Universities and Agencies (Note 5)	1,593,852,191
State Unemployment Funds (Note 4)	1,880,302,331
Other *	(417,806,284)
Agencies not included in the Schedule of Expenditures of Federal Awards (Note 1(a))	<u>(224,201,714)</u>
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 30,080,497,417</u>

\* This amount includes \$212,108,595 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 \$23,882,047 of vendor transactions and \$180,472,802 of voluntary nonexchange transactions recognized as federal revenues.

**STATE OF TEXAS**

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2004

**(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 Schedule of Expenditures of Federal Awards under CFDA #17.225. The state portion in the amount of \$1,880,302,331 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, 2003 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.

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount</u>
84.038	Federal Perkins Loan Program (Perkins)	\$ 136,053,528
93.342	Health Professions Student Loans (HPSL)	15,075,800
93.364	Nursing Student Loans	<u>2,307,397</u>
	Total	<u>\$ 153,436,725</u>

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. Loans 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 \$103 million for Direct and approximately \$1.45 billion for FFELP during the year ended August 31, 2004; 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, 2004, THECB received approximately \$469,000 in interest subsidy and special allowance payments (SAP) which is included in the Schedule. For the year ended August 31, 2004, THECB originated loans of approximately \$5.7 million to students of Texas Universities which are included in the Schedule. As of August 31, 2004, THECB services approximately \$77 million of FFELP loans and \$33 million of HEAL loans.

**STATE OF TEXAS**

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2003

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 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, 2004, were approximately \$46 million and are included in the Schedule. DWSRF outstanding loans, with no continuing audit requirements, at August 31, 2004, was approximately \$139 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, 2004, were approximately \$84 million and are included in the Schedule. CWSRF outstanding loans, with no continuing audit requirements, at August 31, 2004, was 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:

<b>CFDA Number</b>	<b>Program Name</b>	<b>Grant Awards (in thousands)</b>
10.550	Food Distribution	\$ 82,579,168
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	248,778
10.565	Commodity Supplemental Food Program	3,015,212
10.569	Emergency Food Assistance Programs	30,016,231
39.003	Donation of Federal Surplus Personal Property	6,550,239
93.268	Immunization Grants	109,342,177
	Total	<u>\$ 231,751,805</u>

**STATE OF TEXAS**

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2003

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

During fiscal year 2004, the State received cash rebates from infant formula manufacturers in the amount of approximately \$212 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 CFR 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 4,095,991 more persons than could have been served 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 Publication 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.

**(9) Petroleum Violation Escrow Funds**

Petroleum Violation Escrow Funds received by the State as restitution relative to litigation involving violations of federal price controls are not federal funds and therefore are not included in the Schedule. However, the uses of Petroleum Violations Escrow funds are subject to OMB Circular A-133. Those Petroleum Violations Escrow funds subject to OMB Circular A-133 were used in the following programs in fiscal year 2004:

<u>CFDA</u>	<u>Program Name</u>	<u>Amount</u>
81.041	State Energy Conservation	\$ 29,015,029
	Nongrant Projects:	
	Stripper Well Program	33,242
	Refined Products Programs	31,233
	Diamond Shamrock Program	<u>—</u>
	Total	<u>\$ 29,079,504</u>

Section 1:

## **Summary of Auditors' Results**

### **Financial Statements**

Issued under separate cover. See State Auditor's Office report entitled the Financial Portion of the 2004 Statewide Single Audit Report dated February 21, 2005.

### **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:**

10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
14.871	Section 8 Housing Choice Vouchers
17.245	Trade Adjustment Assistance - Workers
20.218	National Motor Carrier Safety
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States
93.003	Public Health and Social Services Emergency Fund
93.217	Family Planning Services
93.268	Immunization Grants
93.283	Centers 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
93.917	HIV Care Formula Grants
93.940	HIV Prevention Activities - Health Department Based
93.958	Block Grants for Community Mental Health Services
93.994	Maternal and Child Health Services Block Grant to States
Cluster	Employment Services
Cluster	Fish and Wildlife
Cluster	Food Stamp
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

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

14.871	Section 8 Housing Choice Vouchers
20.218	National Motor Carrier Safety
93.003	Public Health and Social Services Emergency Fund
93.558	Temporary Assistance for Needy Families
93.667	Social Services Block Grant
93.917	HIV Care Formula Grants
93.958	Block Grants for Community Mental Health Services
Cluster	Food Stamp

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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Cluster Medicaid  
Cluster Research and Development  
Cluster State Domestic Preparedness Equipment Support Program  
Cluster State and Local Domestic Preparedness Training Program  
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:**

93.917 HIV Care Formula Grants

**Adverse:**

93.003 Public Health and Social Services Emergency Fund

**Qualification:**

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children  
14.871 Section 8 Housing Choice Vouchers  
20.218 National Motor Carrier Safety  
84.126 Rehabilitation Services - Vocational Rehabilitation Grants to States  
93.217 Family Planning Services  
93.268 Immunization Grants  
Centers for Disease Control and Prevention - Investigations and Technical Assistance  
93.283 Promoting Safe and Stable Families  
93.556 Foster Care - Title IV-E  
93.658 HIV Care Formula Grants  
93.917 HIV Prevention Activities - Health Department Based  
93.940 Block Grants for Community Mental Health Services  
93.958 Maternal and Child Health Services Block Grant to States  
93.994 Medicaid  
Cluster Research and Development  
Cluster State Domestic Preparedness Equipment Support Program  
Cluster State and Local Domestic Preparedness Training Program  
Cluster Student Financial Assistance, including loan servicing of Federal Family Education Loans and Health Education Assistance Loans

**No Qualification:**

16.523 Juvenile Accountability Incentive Block Grants  
16.575 Crime Victim Assistance  
17.225 Unemployment Insurance  
17.245 Trade Adjustment Assistance - Workers  
21.000 Federal Relief Funds - Block Grant  
66.000 Colonia Wastewater Treatment Assistance Program  
66.458 Capitalization Grants for State Revolving Funds  
66.468 Capitalization Grants for Drinking Water State Revolving Fund  
84.011 Migrant Education - State Grant Program  
84.181 Special Education - Grants for Infants and Families with Disabilities  
84.357 Reading First State Grants

93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.659	Adoption Assistance
93.667	Social Services Block Grant
Cluster	Aging
Cluster	Child Care
Cluster	Disability Insurance/SSI
Cluster	Employment Services
Cluster	Fish and Wildlife
Cluster	Food Stamp
Cluster	Special Education
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: \$45,549,797
5. Auditee qualified as low-risk auditee? No
6. Identification of major programs:

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
14.871	Section 8 Housing Choice Vouchers
16.523	Juvenile Accountability Incentive Block Grants
16.575	Crime Victim Assistance
17.225	Unemployment Insurance
17.245	Trade Adjustment Assistance - Workers
20.218	National Motor Carrier Safety
21.000	Federal Relief Funds - Block Grant
66.000	Colonia Wastewater Treatment Assistance Program
66.458	Capitalization Grants for State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Fund
84.011	Migrant Education - State Grant Program
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States
84.181	Special Education - Grants for Infants and Families with Disabilities
84.357	Reading First State Grants
93.003	Public Health and Social Services Emergency Fund
93.217	Family Planning Services
93.268	Immunization Grants
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance
93.556	Promoting Safe and Stable Families
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.658	Foster Care - Title IV-E
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.917	HIV Care Formula Grants
93.940	HIV Prevention Activities - Health Department Based
93.958	Block Grants for Community Mental Health Services

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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93.994	Maternal and Child Health Services Block Grant to States
Cluster	Aging
Cluster	Child Care
Cluster	Disability Insurance/SSI
Cluster	Employment Services
Cluster	Fish and Wildlife
Cluster	Food Stamp
Cluster	Medicaid
Cluster	Research and Development
Cluster	Special Education
Cluster	State Domestic Preparedness Equipment Support Program
Cluster	State and Local Domestic Preparedness Training Program
Cluster	Student Financial Assistance, including loan servicing of Federal Family Education Loans and Health Education Assistance Loans
Cluster	Workforce Investment Act

Section 2:

## Financial Statement Findings

Issued under separate cover. See State Auditor's Office report entitled the Financial Portion of the 2004 Statewide Single Audit Report dated February 21, 2005.

### Comptroller of Public Accounts

Reference No. 05-27

#### Reporting

#### Type of finding - Reportable Condition Control

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.

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

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.

Recommendation:

CPA should enhance their review procedures of the CSEFA to include more specific reasonableness and/or analytical procedures to identify the types of differences noted above. Certain items should also be points of emphasis in the annual AFR training or through other communications such as email reminders. Further, designating a federal review coordinator and notifying the specific agencies and universities of their recurring problem would assist in reducing the number of adjustments needed for the CSEFA.

Management Response and Corrective Action Plan:

*We agree as part of the CPA's annual revision of our reporting procedures that we will enhance the review procedures for the CSEFA to include reasonableness and/or analytical procedures to identify the types of differences noted above. We will also amend our training and training materials as needed. Finally, we will initiate contact with specific agencies and universities to increase their awareness of recurring problems and to assist them in reducing the number of adjustments needed for the CSEFA.*

*Implementation Date: August 31, 2005*

*Responsible Person: Tom Mathey*

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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 or university.

#### 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**

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).

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

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.

#### Recommendation

Angelo State University should implement a process for ensuring all required notifications are sent.

#### Management Response and Corrective Action Plan:

*Angelo State University has been researching ways to effectively meet this federal requirement. We have spoken to several other Universities to see how they communicate this required information to their students and we have spoken to Texas Guarantee Student Loan Corporation (TGS LC) to see if there is a service they can provide to help us with this requirement. TGS LC has submitted a product enhancement request to the product development team at TGS LC for an enhancement to AdvanTG Web since they have received multiple requests for such a service. In the meantime, they can provide us with a custom report which will give us the information of students each time a loan is guaranteed. It can be provided in a format that can be merged into a Microsoft Word document for mailing to the students. This will be a temporary fix until we are able to implement a permanent process with our upcoming conversion to SCT Banner.*

*We have also spoken to another school currently on the SCT Plus system. They have an internal program created locally by their programmer that is attached to their SBA360 (the SCT Plus program used to apply loans to the student's account). This program automatically produces the information required to send to each loan recipient at the time of disbursement. We will discuss the possibility of sharing this program. Angelo State University will implement a process to meet this requirement as soon as possible that will suffice until we are able to more effectively meet it with the new SCT Banner system.*

*Implementation Date:      January 2005*

*Responsible Person:      Lyn Wheeler*

**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**

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.

Questioned Cost:	\$45,240,367
U.S. Department of Education	
U.S. Department of Health and Human Services	

For employees who are expected to work on multiple activities or cost objectives, a distribution of their salaries 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:

<u>Federal Program</u>	<u>Amount Charged to the Federal Program Multiple Awards</u>	<u>Amount Charged to the Federal Program – Single Award</u>	<u>Total</u>
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
<b>Total</b>	<b>\$ 621,275</b>	<b>44,619,092</b>	<b>45,240,367</b>

Recommendation:

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

*DARS will comply with the provisions of OMB Circular A-87 by implementing policies and procedures that will ensure certification of employees' time spent on federal programs. DARS will adjust salaries and benefits to actual based upon certifications of employee time as directed by OMB Circular A-87. These processes will be implemented in state fiscal year 2005.*

*Implementation Date: Fiscal Year 2005*

*Responsible Person: James Dawson*

**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**

**BUILDING AND PROCUREMENT COMMISSION, TEXAS,  
INFORMATION RESOURCES, DEPARTMENT OF**

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**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**

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.

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

Recommendation:

TBPC and DIR should ensure that the federal suspension and debarment requirements are incorporated into their contracts since the state agencies and universities are encouraged to utilize these centralized vendors. Incorporation can be a standard clause, a certification from the vendor, and/or an additional step in the procurement process to review the EPLS. Verifying that the vendor is not suspended and debarred would also enhance the existing state policy.

Management Response and Corrective Action Plan for DIR

*DIR is in agreement with the finding and has already taken corrective action to ensure that vendors listed on the Excluded Parties List System (EPLS) maintained by the General Services Administration are not awarded contracts. Contract templates have been updated to include language stating that contracts of vendors that appear on the list will be terminated. In addition, procedures are being put into place for contract managers to review the list prior to contracts being awarded and for review of the list periodically during the term of the contract.*

*Implementation Date: January 1, 2005*

*Responsible Person: Sherri Parks*

Management Response and Corrective Action Plan for TBPC

*The TBPC will incorporate the following contract article into our term contract and open market solicitation documents: "For Contracts exceeding \$25,000, neither the respondent nor any of its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency."*

*Additionally, the responsible TBPC Statewide Procurement purchaser will review the EPLS on-line before any contract award is made on a statewide volume contract or open market solicitation. This procedure will be incorporated into our bid review process to ensure that bidders debarred from GSA contracts will not receive awards for statewide volume contracts and open market solicitations utilized by State of Texas entities that may receive Federal funding.*

*Implementation Date: No later than January 31, 2005*

*Responsible Person: Christopher Burton*

**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**

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:

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

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

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.

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:

*In July 2004, the Child Care Licensing Division updated the policy requiring inspectors to verify that criminal history checks and central registry checks are documented for employees during annual monitoring visits. The inspector may also verify criminal background checks during investigations, if relevant to the complaint. Although the Child Care Licensing Division has always required staff to monitor compliance with background checks, the new policy was updated to emphasize the importance of this process. We will also continue to stress the requirement for background checks to the licensed community.*

*The adoptive home where there was no documentation in the adoption assistance records or IMPACT that criminal background checks had been completed is a private agency home located out-of state. A Protective Services Action memo will be prepared and sent to regional staff reminding them to enter information pertaining to criminal background checks in IMPACT and the adoption assistance case file. This will facilitate timely retrieval of the information. Additionally, CPS will update policy to clarify the need for a copy of adoptive families' criminal records check verification to be filed in the case record when a child is placed through a private agency.*

*Implementation Date: March 2005*

*Responsible Person: Janis Brown, Susan Klickman, Sasha Rasco*

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**

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.

Questioned Cost:	\$6,082
U.S. Department of Health and Human Services	

- 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.

Recommendation

Since the email serves as the employees’ certification of time spent working on the federal programs, DFPS should implement procedures to ensure the email is retained for evidence of certification.

Management Response and Corrective Action Plan:

*In accordance with the recommendation of the audit, DFPS will implement procedures to require time collector staff to retain paper copies of emails that reflect both the request and approval of leave taken and earned. These procedures will be communicated to staff via a broadcast email. On line procedure documentation will be updated to reflect this change.*

*Implementation Date: March 2005*

*Responsible Person: Maggi Collins*

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**

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.

Questioned Cost:	\$5,476
U.S. Department of Health and Human Services	

- 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.

Recommendation:

DFPS should ensure that vendor files are complete and accurate record of the procurement history of each vendor is maintained.

Management Response and Corrective Action Plan:

*To meet legislative cost reductions during September 2003, DFPS management restructured the DFPS workforce and centralized some finance functions previously performed in District Offices. PO records previously stored in District Offices were shipped to the Austin Cameron Road facility. During October 2003, the Health and Human Services Commission consolidated purchasing activities into the Health and Human Services Commission. Due to reorganization and consolidation, the complete files for the referenced POs could not be located for the audit.*

*HHSC is currently in the process of centralizing all PO records into a single storage facility to be located at the 45<sup>th</sup> Street complex of Mental Health buildings with dedicated staff to file, retrieve, copy, archive, and retrieve archived records.*

*DFPS finance staffs will work with the consolidated HHSC purchasing section to establish policy and procedures identifying the requirements of each agency.*

*Implementation Date: February 2005*

*Responsible Person: Michael Woolsey, James R. Wall III (Trey)*

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**

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.

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

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.

Recommendation:

DFPS should implement procedures to ensure all personnel are trained in the proper method to initiate cash draws and the amount to request.

Management Response and Corrective Action Plan:

*DFPS Cash Management staff will set up scheduled meetings to review and discuss procedures related to federal draws, ensuring that appropriate staffs are trained with the proper procedures.*

*Implementation Date: February 2005*

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

## 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**

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.

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

The amount of funds spent to benefit women, infants and children with HIV are not tracked, and therefore, the earmarking requirement was not auditable.

#### Recommendation:

TDH should comply with the federal regulation and track the amount of funds expended to benefit women, infants, and children with HIV and the amount of funds that subcontractors spend on administrative costs. TDH should also track and monitor the amount of funds expended for quality management programs.

#### Management Response and Corrective Action Plan:

*TDH's practice of estimating expenditures on women, infants, children and youth based on client utilization data is an accepted practice by the Health Resource Services Administration. This practice allows TDH to gauge compliance with the legislative intent to assure women, infants, children and youth (all assumed to be especially vulnerable populations) are adequately served by Ryan White funds.*

*TDH continues to make progress in implementing the AIDS Real-Time Information & Evaluation System/Regional Education Counseling (ARIES/REC) and has moved to fee for service contracts for the HIV program. This system is anticipated to be completed in April 2005 and will track the amount of funds spent to benefit women, infants and children with HIV.*

*Implementation Date: April 2005*

*Responsible Person: Janna Zumbrun*

#### Auditor Response to Management Response and Corrective Action Plan:

*TDH has not provided any calculation to document their compliance with the earmarking requirement and does not have any process in place to produce such a report.*

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**

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.

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

Recommendation:

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

Management Response and Corrective Action Plan:

*The HIV program was short staffed but since have corrected and re-submitted the report to the CDC and put procedures in place to ensure this report is accurately reviewed prior to submission.*

*Implementation Date: December 2004*

*Responsible Person: Felipe Rocha*

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**

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.

Questioned Cost:	\$ 45,211
U.S. Department of Health and Human Services	

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 approval." 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.

Recommendation:

TDH should implement procedures to ensure that grant funds are spent as intended and approval is obtained from CDC when required.

Management Response and Corrective Action Plan:

*The HIV/STD Prevention Branch is currently seeking approval from the CDC on the equipment purchased. They are also reviewing current processes in place to ensure that all equipment purchases seek prior approval before the request is made.*

*Implementation Date: May 2005*

*Responsible Person: Felipe Rocha*

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**

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.

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

The storage and distribution of vaccines was outsourced to a third party - General Injunctables 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.

Recommendation:

TDH should ensure that an inspection of the GIV facility is conducted every year to ensure compliance with the safeguarding requirement of the grant. Additionally, TDH should require receipt of the GIV's audit report closer to GIV's year-end and TDH year-end which would result in more timely data.

Management Response and Corrective Action Plan:

*The Immunization Branch does not agree that these are findings and does not see these as risks:*

*The DSHS Food and Drug Safety Unit licenses all entities distributing drugs in Texas and the unit conducted a visit to the GIV facility in May, 2002; the contract with GIV was implemented in April, 2002. Staff from the DSHS Immunization Branch visited the GIV facility in January 2003. CDC visited the GIV in July 2004. Staff from the DSHS Immunization Branch will visit GIV during 2004. Multiple visits from multiple layers of government are not cost effective for taxpayers. Staff will continue to visit GIV in years when neither the DSHS Food and Drug Safety Unit and the CDC do not visit GIV and will coordinate all three entities' visits to ensure only one visit per year unless site visit results or other indications warrant follow-up visits. The GIV contract is based on a state fiscal year and the CDC grant period is based on a calendar year; the GIV facility has been visited in 2002, 2003, and will be visited in 2004.*

*Though the CDC does hold the DSHS responsible for the vaccine, the DSHS has built into the contract with GIV that GIV is financially responsible for the vaccine until the vaccine arrives in acceptable condition to a clinic site enrolled in the Texas Vaccines for Children Program (TVFC). GIV replaces vaccine at their cost for vaccine losses that occur prior to receipt by a TVFC-enrolled provider.*

*The DSHS Immunization Branch does not rely solely on the independent audit of receipt and distribution of vaccine to ensure that GIV is accounting for vaccine. Inventory is reported to the Immunization Branch weekly and the monthly bill from GIV for doses shipped is reviewed upon receipt prior to payment for services. The Immunization Branch will ensure that the audit and final report are completed in accordance with the timeframes established in the contract.*

*Implementation Date: December 2004*

*Responsible Person: Jack Sims*

Auditor Response to Management Response and Corrective Action Plan:

*Audit documentation was not provided for a GIV facility visit during fiscal or calendar year 2004. The inventory reports provided weekly and the GIV bill are not reconciled to each other or other DSHS records.*

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

In accordance with 42 USC 705(a)(3)(A) and 42 USC 705(a)(3)(B), the state agency must use at least 30% of payment amounts for preventive and primary care services for children and at least 30% of payment amounts for services for children with special health care needs.

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

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.

Recommendation:

The Texas Department of Health (TDH) should establish a formal method to track the percentage of payments related to these services to ensure compliance with the requirements of the grant. Additionally, TDH should implement effective controls to ensure compliance with the requirements such as assign the monitoring and/or review of the percentages to a particular job responsibility.

Management Response and Corrective Action Plan:

*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 78<sup>th</sup> 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 20<sup>th</sup> 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.*
- 3) *Work with and inform Payment Section staff that all children's and adolescents' services and activities should be reimbursed by using federal funds.*

*Implementation Date: February 1, 2005*

*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 93.003 - Public Health and Social Services Emergency Fund**

**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 - 6FPHA060898-22-01**

**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**

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.

Questioned Cost:	\$ 736,677
U.S. Department of Agriculture	
U.S. Department of Health and Human Services	
Social Security Administration	
U.S. Department of Transportation	

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.

<b>Federal Program</b>	<b>Amount Charged to the Federal Program</b>
CFDA 10.475	\$ 32,201
CFDA 10.557	94,211
CFDA 20.600	6,857
CFDA 93.003	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
CFDA 96.000	3,794
CFDA 96.007	714
Medicaid cluster	68,177
Total	\$ 466,035

Recommendation:

Due to the reorganization noted above, TDH was unable to reverse these charges during fiscal year 2004. When discovered in October 2004 the legacy agencies had ceased to exist and there were no more federal draws for the legacy agency against which to net the unallowable expenditures. TDH should reverse these amounts in fiscal year 2005 against their next respective program cash draw.

Management Response and Corrective Action Plan:

*As noted by the auditors, due to reorganization during fiscal year 2004 these computer services were centralized at the Health and Human Services Commission. With the assistance of the auditors, we have identified the erroneous posting to federal funds and have processed an expenditure transfer voucher to move the charges to state or indirect funding. For fiscal year 2005 the department, in compliance with OMB A-87, has included these charges in the proposed indirect cost rate that was submitted to the United States Department of Health and Human Services. In addition, the department will account for these expenditures on the Cash Management Improvement Act certification to be submitted in November 2005.*

*Implementation Date: January 15, 2005*

*Responsible Person: Wilson Day*

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**

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.

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

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.

Recommendation:

TDH should review reports submitted to the Federal Awarding Agency to ensure accurate reporting of inventory levels.

Management Response and Corrective Action Plan:

*The Immunization Branch does not agree that this is a finding and does not see this as a risk:*

*Inventory is a piece of data that is a moving target and is only current the date and moment the report is run. The report that is sent to the CDC is used to determine the monthly allocation that Texas may purchase, not what will be purchased. The Immunization Branch does not use the data submitted to the CDC to determine what it will purchase, but rather, utilizes the inventory on-hand at the time of the monthly vaccine purchasing meeting that takes place approximately two weeks after the inventory is reported to the CDC. Should the DSHS need more vaccine than what the CDC has allocated, an email is sent to the CDC to request additional allocation.*

*The vaccine in question, Adult Hepatitis B, was purchased with state funding and is not required to be reported to the CDC and should not have been included on the report.*

*The Immunization Branch does agree that the reports should not contain errors and will implement a quality assurance step within the Vaccine Services Group reporting process to reduce the risk of future errors.*

*Implementation Date: December 2004*

*Responsible Person: Jack Sims*

Auditor Response to Management Response and Corrective Action Plan:

*The report in question is required to be completed and accurate. TDH's response indicates that the reports were not always accurate.*

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**

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.

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

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.

Recommendation:

TDH should ensure that open contracts executed prior to November 26, 2003 have received the certification statement from the awarded vendor.

Management Response and Corrective Action Plan:

*The Department implemented procedures effective September 1, 2002, to certify that contractors receiving awards for \$100,000 or more were not suspended or debarred. However, the Department's procedures did not cover contracts that were let prior to this period with renewals. The department will conduct a review of all contracts let prior to this period to ensure that any with renewals receive the required certification.*

Implementation Date: February 1, 2005

Responsible Person: Bob Burnette

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 93.003 - Public Health and Social Services Emergency Fund**  
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 - 6FPHA060898-22-01

**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**

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).

Questioned Cost:	\$ 0
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 Administration	
U.S. Department of Transportation	

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 93.003 - 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:

<u>Federal Program</u>	<u>Federal Revenue by Program</u>
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

<u>Federal Program</u>	<u>Federal Revenue by Program</u>
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 93.003	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
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

Recommendation:

Subpart B programs - TDH should train the cash management personnel on the proper use of the SGR0110S report to avoid drawing funds in excess of cash needs for a three-day period. In addition, TDH should change their policy on how to include payroll expenditures in the draw cycles so that the funds are drawn within three days of disbursement. This will properly reflect the pre-issuance funding techniques that TDH has adopted as their policy to be "administratively feasible" for CMIA Subpart B programs. In addition, a methodology should be implemented to ensure that single draws which include funds for multiple federal programs are correctly allocated back to the respective general ledger accounts.

Subpart A programs - TDH should follow the instructions to the 90-day work sheet utilized by Texas to calculate the clearance patterns and adjust the opening amounts of deposits or disbursements so that a zero balance is obtained on the first day of the pattern. This will more closely mirror the amount of interest payable or receivable from the federal government.

Management Response and Corrective Action Plan:

*In fiscal year 2004, TDH drew federal funds for valid claims; however due to the creation of a new draw down report, a few of the processes were not clearly defined. This resulted in some of the draws for the Subpart B programs being made prior to the three-day period and a minimal interest liability. The Department will work with the auditors to identify any required adjustments for the Cash Management Improvement Act (CMIA) report due on December 1, 2005; to include any required adjustments for payroll processing. The Department has since defined these processes and continues to provide for an accurate cash draw of federal grants.*

*For subpart A programs, TDH utilized the instructions provided by the Comptroller of Public Accounts, CMIA agent for the state, in calculating the clearance patterns. The department believes that the Comptroller's procedures provided for an accurate accounting; however, the department is willing to research the optional CMIA Texas Macro, created by the State Auditor's office, to determine if it is a better tool to use in future reporting.*

*Implementation Date: December 1, 2005*

*Responsible Person: Wilson Day*

**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**

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).

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

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.

Recommendation:

HHSC should implement procedures to ensure an OMB Circular A-133 report is collected from all subrecipients who meet the threshold for an OMB Circular A-133 audit.

*Management Response and Corrective Action Plan:*

*The Single Audit Review Team (SART) and Business Analysis and Support Services (BASS) of the Office of Inspector General, HHSC, have created a web-based system for determining the total amount of federal and state expenditures made by subrecipients. A "Single Audit Determination Form" will be posted on the web page. The subrecipients will complete the form on-line and a determination of whether a Single Audit is required will be made. The form also contains a section where subrecipients can report and certify that they expended less than the threshold amount of federal and state awards.*

*When the subrecipient has completed the form, it is submitted on-line to HHSC. (Note: The system does not allow submission of incomplete forms - all required data must be entered before the form can be submitted.) The data is captured in a SQL database. Reports will be generated that show which subrecipients are required to have a Single Audit, due date for submission of the audit, which subrecipients did not meet the expenditure threshold, etc.*

*Data submissions from the subrecipients will be compared to a comprehensive list of subrecipients from the HHSC Agencies to make sure that all subrecipients have responded. The comprehensive list will be updated periodically (weekly, monthly) by the HHSC Agencies.*

*Implementation Date: The web page for collecting data on the Single Audit Determination Form will be active by February 8, 2005. Update procedures for the subrecipient list will be complete by May 1, 2005.*

*Responsible Person: Robin Smith*

**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

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

Questioned Cost:	\$ 125,981
U.S. Department of Health and Human Services	

- 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.

Recommendation:

The Health and Human Services Commission and the Department of Health should ensure the vendor files are a complete and accurate record of the procurement history of each vendor.

Management Response and Corrective Action Plan:

*The independent auditors provided a list of 185 purchase orders to pull for their sample. The department was able to provide the hard-copy folder for all but one copier purchase order that was split between the two CFDA's as noted. The department believes this shows due diligence, but will review their procedures to determine if additional controls are required.*

Implementation Date: June 1, 2005

Responsible Person: Bob Burnette

Reference No. 05-18

**Subrecipient Monitoring**

**CFDA 93.003 - Public Health and Social Services Emergency Fund**

**Award year - September 1, 2003 to August 31, 2005**

**Award number - 4U3RMC00046-02-06**

**Type of finding - Material Weakness 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 for CFDA 93.003 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.

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

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.

**Recommendation:**

TDH and HHSC-OIG should coordinate their efforts to ensure that the councils are included in the HHSC database as subrecipients and that adequate monitoring is performed through a combination of program and financial site visits. TDH program personnel have indicated that program site visits are planned for fiscal year 2005.

**Management Response and Corrective Action Plan:**

**Financial Monitoring**

*Department of State Health Services Response (9/1/03 through 12/31/03): The Department of State Health Services (DSHS, formerly TDH) will continue to work with the Office of Inspector General to coordinate and formalize the risk assessment procedures relating to sub-recipient monitoring.*

*DSHS recognized the need for more direct examination of contractors and in fiscal year 2003 and early fiscal year 2004 developed plans to enhance financial compliance monitoring through additional on-site reviews, increased desk reviews, and procurement of limited scope audits. In the first quarter of fiscal year 2004, prior to the functions transferring to OIG on January 1, 2004, DSHS conducted 18 on-site monitoring audits and 4 desk reviews. This is more than three times the number of on-site reviews and desk reviews conducted during the same time period in fiscal year 2003.*

*In addition, DSHS prepared a request for information (RFI) in the fall of 2003 to solicit limited scope audits. These limited scope audits would be utilized in situations that did not warrant a comprehensive financial review, and would provide a mechanism for performing additional audits without relying so heavily on the performance of financial reviews. The RFI and the five responses to the RFI were forwarded to the OIG early in 2004 for their review and consideration.*

*Health and Human Services Commission/Office of Inspector General Response - (1/1/04 through 8/31/04):*

*DSHS and OIG will work cooperatively to formalize a methodology as to how often each level of risk will be monitored and to further improve the risk assessment process. DSHS and OIG will continue to work with HHSC management to obtain the resources needed to accomplish OIG's initial projections of the number of financial site visits and desk reviews needed for each level of risk developed. DSHS and OIG agree that consideration could be given to enhancing other elements of the subrecipient monitoring process, e.g. programmatic monitoring, in an effort to supplement the heavy reliance on financial monitoring.*

*Implementation Date: January 1, 2005. Effective March 1, 2005, the subrecipient monitoring function will be transferred back to DSHS.*

*Responsible Person: Robin Smith*

**OMB Circular A-133 Collection:**

*The Single Audit Review Team (SART) and Business Analysis And Support Services (BASS) of the Office of Inspector General, HHSC, have created a web-based system for determining the total amount of federal and state expenditures made by subrecipients. A "Single Audit Determination Form" will be posted on the web page. The subrecipients will complete the form on-line and a determination of whether a Single Audit is required will be made. The form also contains a section where subrecipients can report and certify that they expended less than the threshold amount of federal and state awards.*

*When the subrecipient has completed the form, it is submitted on-line to HHSC. (Note: The system does not allow submission of incomplete forms - all required data must be entered before the form can be submitted.) The data is captured in a SQL database. Reports will be generated that show which subrecipients are required to have a Single Audit, due date for submission of the audit, which subrecipients did not meet the expenditure threshold, etc.*

*Data submissions from the subrecipients will be compared to a comprehensive list of subrecipients from the HHSC Agencies to make sure that all subrecipients have responded. The comprehensive list will be updated periodically (weekly, monthly) by the HHSC Agencies.*

*Implementation Date: The web page for collecting data on the Single Audit Determination Form will be active by February 8, 2005. Update procedures for the subrecipient list will be complete by May 1, 2005.*

*Responsible Person: Robin Smith*

**Program Management:**

*DSHS program personnel will plan to perform program visits in fiscal year 2005.*

*Implementation Date: June 1, 2005*

*Responsible Person: Ron Hilliard*

## HEALTH AND HUMAN SERVICES COMMISSION

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 - 6FPHA060898-22-01 and 6FPHA060898-21

#### 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

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.

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

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.

### Recommendation:

HHSC, Office of Inspector General has demonstrated that the 2004 OMB Circular A-133 audit requests will be based on total funds spent by the subrecipients.

Management Response and Corrective Action Plan:

The Single Audit Review Team (SART) and Business Analysis And Support Services (BASS) of the Office of Inspector General, HHSC, have created a web-based system for determining the total amount of federal and state expenditures made by subrecipients. A "Single Audit Determination Form" will be posted on the web page. The subrecipients will complete the form on-line and a determination of whether a Single Audit is required will be made. The form also contains a section where subrecipients can report and certify that they expended less than the threshold amount of federal and state awards.

When the subrecipient has completed the form, it is submitted on-line to HHSC. (Note: The system does not allow submission of incomplete forms - all required data must be entered before the form can be submitted.) The data is captured in a SQL database. Reports will be generated that show which subrecipients are required to have a Single Audit, due date for submission of the audit, which subrecipients did not meet the expenditure threshold, etc.

Data submissions from the subrecipients will be compared to a comprehensive list of subrecipients from the HHSC Agencies to make sure that all subrecipients have responded. The comprehensive list will be updated periodically (weekly, monthly) by the HHSC Agencies.

**Implementation Date:** The web page for collecting data on the Single Audit Determination Form will be active by February 8, 2005. Update procedures for the subrecipient list will be complete by May 1, 2005.

**Responsible Person:** Robin Smith

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 - 6FPHA060898-22-01

**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

**HEALTH AND HUMAN SERVICES COMMISSION**

**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 93.003 - Public Health and Social Services Emergency Funds
- 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 93.941 - 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.

Questioned Cost:	\$ 0
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:

<u>Federal Program</u>	<u>Amount Charged to the Federal Program</u>
CFDA 10.572	\$ 234,883
CFDA 14.241	2,877,852
CFDA 66.001	25,104
CFDA 93.003	30,138,160
CFDA 93.110	58,063
CFDA 93.116	3,291,059
CFDA 93.118	114,827
CFDA 93.136	108,700

<u>Federal Program</u>	<u>Amount Charged to the Federal Program</u>
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	\$ <u>139,801,255</u>

Recommendation:

Even though the financial monitoring component of the process was centralized at the Health and Human Services Commission (HHSC), Office of Inspector General (OIG) for the State of Texas effective January 1, 2004, TDH and HHSC-OIG 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 TDH's subrecipient monitoring process relies heavily on the performance of financial reviews, TDH and HHSC-OIG 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:

Department of State Health Services Response (9/1/03 through 12/31/03): The Department of State Health Services (DSHS, formerly TDH) will continue to work with the Office of Inspector General to coordinate and formalize the risk assessment procedures relating to sub-recipient monitoring.

DSHS recognized the need for more direct examination of contractors and in fiscal year 2003 and early fiscal year 2004 developed plans to enhance financial compliance monitoring through additional on-site reviews, increased desk reviews, and procurement of limited scope audits. In the first quarter of fiscal year 2004, prior to the functions transferring to OIG on January 1, 2004, DSHS conducted 18 on-site monitoring audits and 4 desk reviews. This is more than three times the number of on-site reviews and desk reviews conducted during the same time period in fiscal year 2003.

*In addition, DSHS prepared a request for information (RFI) in the fall of 2003 to solicit limited scope audits. These limited scope audits would be utilized in situations that did not warrant a comprehensive financial review, and would provide a mechanism for performing additional audits without relying so heavily on the performance of financial reviews. The RFI and the five responses to the RFI were forwarded to the OIG early in 2004 for their review and consideration.*

*Health and Human Services Commission/Office of Inspector General Response - (1/1/04 through 8/31/04):*

*DSHS and OIG will work cooperatively to formalize a methodology as to how often each level of risk will be monitored and to further improve the risk assessment process. DSHS and OIG will continue to work with HHSC management to obtain the resources needed to accomplish OIG's initial projections of the number of financial site visits and desk reviews needed for each level of risk developed. DSHS and OIG agree that consideration could be given to enhancing other elements of the subrecipient monitoring process, e.g. programmatic monitoring, in an effort to supplement the heavy reliance on financial monitoring.*

*Implementation Date: January 1, 2005. Effective March 1, 2005, the subrecipient monitoring function will be transferred back to DSHS.*

*Responsible Person: Patricia Goodman*

## 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

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 XOVRDR. 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.

Questioned Cost: \$ 0

U.S. Department of Health and  
Human Services

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.

Recommendation:

TMHP management should implement procedures in accordance with their security access policies that provide C21 application and program library access security control based on the individual's demonstrated need to view, add, change or delete data. Additionally, TMHP and HHSC management should implement a collaborative process to ensure periodic review of system and application level access to C21 and other critical applications. Such a process should be initiated, executed, and controlled by security administration, quality assurance, or internal audit personnel and should require periodic certification of users' access rights by application and data owners.

Management Response and Corrective Action Plan:

*TMHP Technology Operations procedures were reviewed and augmented as part of a larger ACS corporate-wide project to develop and disseminate HIPAA Security Rule-compliant procedures, which was in process at the time of the KPMG audit. The policies and revised procedures were published and staff training began on October 18, 2004. The policies and procedures were submitted to the HHSC on October 29, 2004.*

*For additional clarification of the findings, TMHP would like to provide amplification to the sentence "Prior to 2004, the C21 system was administered by system engineers of the former contractor." TMHP has largely migrated operations and administration of the system to the appropriate departments but has not completely eliminated the need for applications services to perform data corrections and data fixes due to the nature of the C21 system. During the fall of 2004, TMHP reorganized the applications services teams around specific support requirements versus development roles to further restrict access.*

*To improve the specific C21 and CMS access restrictions, Update Access to Production Executable Libraries (C21 and CMS) was severely restricted on December 20, 2004, to the following groups with their corresponding roles:*

- *Configuration Management Team (four individuals), who have responsibility for migration of code to production.*
- *NSK DBA's (four individuals), who routinely have to SQL-compile programs after database maintenance.*
- *NSK System Administrators (four individuals), who may have to move programs from one location to another and who may have to SQL-compile programs after system maintenance.*

*Update Access to Production Databases (C21 and CMS) was severely restricted on December 20, 2004, to the following groups, with their respective roles:*

- *On-Call User-id (one for CMS and one for C21). The password is changed weekly, as the on-call responsibility moves from one individual to another.*
- *Production Support Personnel (four individuals) who have responsibility for performing periodic manual data fixes.*
- *NSK Architects (nine individuals) who assist on-call personnel troubleshooting production issues.*
- *NSK DBA (four individuals) who perform database maintenance.*
- *NSK System Administrators (four individuals) who perform system maintenance including moving database tables.*

*Both of these corrective actions are documented in Service Request #973253.*

*As continuing corrective action, upon recognition of inappropriate access for the user groups (profiles) as identified in the KPMG observations, TMHP made the decision to undertake a full review of user roles and profiles. These roles and profiles, originally established during transition using the former contractor security profiles as the template, had been in place since operations began on January 1, 2004. TMHP will review roles and profiles annually.*

*The Role and Profile Review Project began January 3, 2005, under the leadership of the Quality Services Group and is scheduled to complete on March 21, 2005. This review project includes a review by each functional area of the roles and profiles currently in use; each area also can identify modifications, additions or deletions. Additionally, network administration procedures are in development to facilitate future reviews. The Project also includes an after-action review to improve the annual process and codify changes into procedural documents.*

*As part of the TMHP Security Monitoring Plan, Quality Services staff works with operational and technical staff to audit aspects of the TMHP Security Policies and Procedures. Monitoring elements related to technical security include:*

- *Verify documentation from random audits of administrator access*
- *Audit new hire set up documentation for randomly selected Team Member Requests*

*Proposed HHSC roles and profiles were submitted to the State on July 6, 2004, and approval was received on December 7, 2004. Work with the HHSC continues to refine these roles and profiles to meet State agency needs.*

*Implementation Date: March 21, 2005 - completion of the Role and Profile Review Project*

*Responsible Person: James R. Dufner*

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**

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.

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

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.

Recommendation:

The data control unit should allocate the necessary resources to reconcile and correct, if necessary, the MS909 SDX Recon Exception Reports from October 2003 to present and then continue to reconcile the reports on a timely basis. Secondly, the data control unit should formalize their standard operating procedures addressing the specifics noted above so they are auditable and provide a formalized baseline against which performance is defined and measurable.

Management Response and Corrective Action Plan:

*The data control unit will document in a staff handbook formal, detailed procedures that define: 1) requirements for specific report review; (2) error identification and resolutions; (3) maintenance of auditable evidence showing critical reports (and associated exceptions) are reviewed and resolved timely. The October 2003 reconciliation is almost complete, with 30 clients remaining to be worked out of a total of 72,864 clients. Additional reconciliations since October have been assigned to staff and will be worked upon receipt in accordance with current operating procedures.*

*Implementation Date: March 2005*

*Responsible Person: Michelle Ralls-Cox*

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**

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.

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

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.

**Recommendation:**

HHSC management should implement procedures in accordance with their security access policies that provide database access security controls based on the individual's demonstrated need to view, add, change or delete data. Additionally, IT and functional management, in a cooperative effort, should have a control process in place to review and confirm Unisys database access rights periodically. Periodic comparison of resources with recorded accountability would further help to reduce the risk of errors, fraud, misuse or unauthorized alteration of data.

Upon identification of this issue, HHSC database management reviewed recent (prior 30 days) system activity logs noting no unauthorized changes to vendor drug pricing data. HHSC personnel also performed online monitoring of Demand sessions (mechanism use to update the Unisys database) as part of standard data center operating procedures. Management also initiated a project to:

- Improve granularity of database security by limiting access to specific schemas based on business need; and
- Implement formal, periodic auditing of Demand-based updates. These audits are to include maintenance of Demand-based data change audit trails for a period of two years.

Management Response and Corrective Action Plan:

*HHSC agrees with the basic facts described above. However, we do point out that this security issue extends only to Demand users and that we periodically conduct reviews of the activity log to identify potential abuse of Demand access. If abuses of Demand rights are found, we suspend the users' access. Additionally, there are no known instances of a Demand user inappropriately changing a database record for illegitimate reasons.*

*HHSC agrees with the recommendations and started work in early January 2005 to evaluate the scope of this issue and identify solutions. Our solution is summarized below.*

**Demand Access Corrective Action Plan**

*HHSC has completed a re-validation of Demand access users. The count of "140" indicated by KPMG was an estimate of production users. We now have 196 unique Demand users broken down in the following categories:*

- 1) *Production and Development = 137*
- 2) *Production Only = 4*
- 3) *Development Only = 55*

*HHSC will retain the Demand activity exception logs for a minimum of two years and will retain exception logs containing private health information (PHI) for six years. The data will be loaded from the existing audit reports currently being generated and kept in a database on the mainframe. The exception data will be used to generate daily reports for review by the Enterprise IT (EIT) Security Risk Management Section.*

RDMS/Relational table level security:

*HHSC will activate table level security on relational/RDMS databases, as identified by the various program areas. The following outlines our implementation plan:*

**A. Evaluation of implementation**

- 1) *Programmers will need to test to verify that batch and applications will not be adversely impacted.*
- 2) *Project team will need to develop a procedure that will allow security to grant access to data as requested by the program areas.*
- 3) *Program Areas to determine the tables to be locked per security risk assessment methodology.*

**B. Implementation:**

*DBAs will do the initial activation of security and provide EIT Security a way to grant individual security rights.*

C. Administration:

*Security administration will be performed by EIT Security personnel. EIT Security will validate Demand user access no less than annually. This review will require supervisors to validate users and the appropriate level of access for each user.*

D. Timeline:

*HHSC must complete the Evaluation phase above to assess impact to programs and develop a schedule for implementation. The evaluation will be completed in 60 business days from March 1, 2005. The evaluation will produce a project plan for implementation.*

DMS/Hierarchal subschema security:

*Implement subschema security on hierarchical/DMS data. Security will be enforced by the use of invoke keys on “sensitive” tables as identified by the various program areas.*

A. Evaluation of implementation:

- 1. Programmers will need to test to verify that batch and application will not be adversely impacted.*
- 2. The programmers will have to recompile any DMS programs accessing sensitive data restricted by an invoke key.*
- 3. Project team will need to develop a procedure that will allow security to disclose keys to personnel accessing sensitive data as requested by the program areas.*
- 4. Program areas will determine the sub-schemas to be locked per security risk assessment methodology*

B. Implementation:

*DBAs will make the appropriate schema/subschema changes by adding invoke keys.*

C. Administration:

*Security administration will be performed by EIT Security personnel. EIT Security will validate Demand user access no less than annually. This review will require supervisors to validate users and the appropriate level of access for each user.*

D. Timeline:

*HHSC must complete the Evaluation phase above to assess impact to programs and develop a schedule for implementation. The evaluation will be completed in 60 business days from March 1, 2005. The evaluation will produce a project plan for implementation.*

*Implement DBEvent reporting:*

- A. *DBevent will be used to investigate and evaluate potential Security concerns related to update activity.*  
B. *DBevent provides the ability to obtain detailed information down to:*

1. *Schema*
2. *Record*
3. *Primary key*
4. *Run-id*
5. *User-id*
6. *PID*
7. *Program name*
8. *Command executed*
9. *Provides a date and time stamp*

*HHSC has updated the Mainframe Production Demand Access Standards and Procedures. We will perform additional updates as appropriate to capture policies and procedures resulting from the work described above.*

*The implementation of table level security on the hierarchical databases will require significant evaluation and planning. There will be substantial administrative overhead to assign security rights appropriate for all authorized users over all RDMS database tables and all DMS sub-schemas. Additionally, potentially every program running on the Unisys mainframe will have to be re-compiled in order to implement security keys. This effort will require comprehensive planning and coordination to ensure that production responsibilities are not impacted and that operational requirements of Federal and State programs are not compromised.*

*Implementation Date: The complete corrective action plan will be completed no later than January 1, 2006.*

*Responsible Person: Terry Casparis*

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**

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 manufacturers are required to pay the rebate or provide the state with written notice of disputed items not paid.

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

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.

Recommendation:

HHSC's policies and procedures reflect the Medicaid state plan provisions. HHSC management should ensure adequate resources are available to adhere to the provisions.

Management Response and Corrective Action Plan:

*While CMS's guidance advises that a state must invoice within 60 days after the end of a quarter, states are also allowed sufficient time to process the information and generate invoices. The CMS data tape for the quarter ending June 30, 2004 was not received until August 19, 2004. HHSC mailed the invoices within 15 days of receipt of the CMS tape.*

*The audit noted that "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." Past due notices are not required by CMS. However, several years ago HHSC implemented a policy and procedure to send past due notices to manufacturers that have not paid the most recent invoice. CMS Medicaid Drug Rebate Program Release No. 7 stated that "interest will begin accruing on disputed or unpaid amounts 38 calendar days from the date the State mails the State utilization data, as evidenced by the postmark by the United States Postal Service or other common mail carrier on the envelope (not a postage meter stamp)." In recognition of this guidance, and to allow time to post the payments that are received on the 38<sup>th</sup> day, past due notices should be mailed 45 days after the invoices were due. Our procedure manual contained a typographic error and incorrectly said 45 days after the invoices were mailed. In addition, the Pharmacy Contracts and Rebates section of Medicaid/CHIP was in the process of its own reorganization during this time. Position assignments had just been made, and two new staff were handling the past due notices and audit resolutions. At the end of September 2004, one of those staff left for another position.*

*The first past due letters that the new staff sent were for the fourth quarter of 2003 and first quarter of 2004 (the periods reviewed in the audit) and were mailed about September 22, 2004, just before the second staff member left. The second quarter of 2004 past due letters were mailed December 14, 2004. HHSC will review the Medicaid Drug Rebate program staffing and work to ensure that the program is adequately staffed, trained and has the information technology resources needed to ensure that both CMS guidelines and internal policies and procedures are followed.*

*Implementation Date: August 31, 2005*

*Responsible Person: Jon Huss*

*Auditor Response to Management Response and Corrective Action Plan:*

*Based on documentation provided, the CMS data tape for the quarter ending June 30, 2004, was received by HHSC on August 19, 2004. HHSC has represented that CMS allows the later of 60 days from the quarter end or 15 days after the data file is received to provide the manufacturers the rebate invoices. HHSC was unable to locate this provision in the Medicaid regulations.*

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**

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).

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

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.

Recommendation:

HHSC should enhance the existing system notifications and management review to ensure that the necessary documentation is maintained in the hard copy files. Often the above omissions were referred to in the on-line client file, but no evidence existed of when the task was completed.

Management Response and Corrective Action Plan:

*The majority of sample cases reviewed during this audit were cases completed by the HHSC Medicaid/CHIP Resolution Services Section. A reorganization within HHSC Medicaid/CHIP has since occurred resulting in a shift of responsibility for the handling of Managed Care complaints. As of July 2004, the Medicaid/CHIP Resolution section was eliminated, thus doing away with the procedures for handling complaints outlined in this audit. Beginning July 2004, the responsibility for handling managed care complaints became a shared responsibility between the HHSC Office of the Ombudsman and the HHSC Medicaid/CHIP Health Plan Operations (HPO) Section. The HHSC Office of the Ombudsman is responsible for the intake and simple resolution of Managed Care complaints. The Office of the Ombudsman procedures dictate that all Managed Care complaints handled within the Office of the Ombudsman are data entered into a complaint tracking system. The complaint tracking system is updated with documentation about the status of the case throughout the entire process up to resolution of the complaint. The complainant is always notified of the status and resolution either by phone, e-mail or written letter. The Office of the Ombudsman responds in kind with the method of receipt of the complaint, i.e. written complaints are responded back to in writing, phone calls are responded to by phone. The Office of the Ombudsman keeps a hard copy case file, which includes a written response to the complainant, on only those complaints received in writing or by fax. The Office of the Ombudsman procedures also dictate that a manager's review is required on 100% of Commissioner Office Assignments and a random weekly review by the manager is required on all other complaints. Upon completion of Commissioner Office assignments, a complete hard copy of the case file, including all pertinent documentation is given to the Executive Assistant for filing in a central location. The Office of the Ombudsman refers any Managed Care complaints requiring extensive research to the HHSC Medicaid/CHIP Health Plan Operations Section.*

*The Health Plan Operations Resolution Consultant (RC) enters complaints received from the Ombudsman's office into the Complaint Information Tracking System (CITS) and assigns them to the appropriate Health Plan Manager and HMO. The RC sends an acknowledgement letter to the provider/client with the tracking number and the RC's phone number for reference and inquiries. The RC also sends a letter to the appropriate HMO requesting a response concerning the complaint within ten business days. Once the response is received, the RC coordinates with the Health Plan Manager to generate a response to the provider/client. The RC closes the case in CITS and files the complaint. Health Plan Operations communicates the resolution of the complaint to the Ombudsman's office by email.*

*Implementation Date: Office of the Ombudsman procedures were officially implemented on September 1, 2004, and in Health Plan Operations by October 1, 2004.*

*Responsible Person: Susan Johnson and Sandra Fasce*

**HEALTH AND HEALTH SERVICES COMMISSION**

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**

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(1)(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.

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

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.

Recommendation:

The Health and Human Services Commission (HHSC) should ensure that income information is verified with TWC for all applicants as part of the eligibility determination process. Additionally, HHSC should verify each SSN of each applicant and recipient with the SSA to ensure that each SSN furnished was issued to that individual.

Management Response and Corrective Action Plan:

*The Office of Eligibility Services' Income and Verification System (IEVS) provides means for verifying applicant and client resources through data exchanges with State and Federal sources of information; however, current policy does not mandate obtaining this information on applications. To comply with the federal requirement, the Office of Eligibility Services will make a change to its Texas Works handbook mandating staff to conduct a TWC inquiry on all TANF, Food Stamp and Medicaid applications. The change will be included in the next scheduled revision date of July 2005.*

*The Office of Eligibility Services is also recommending the Data Broker system include TWC income verification. Data Broker inquiries are currently mandated on all applications.*

*Texas Works policy requires that all applicants provide a social security number (SSN) or apply for one through the Social Security Administration (SSA) before certification. If the household cannot provide proof of an SSN application for a child six months or younger, the child may receive benefits six months following their birth or the next recertification, whichever is later. Two tape exchanges with SSA are used to verify client SSNs: the SSN verification tape and the welfare enumeration tape.*

*The Office of Eligibility Services investigated the circumstances surrounding the SSN for which there was no evidence of verification with SSA. As a result, a potential system problem has been identified and submitted to IT for further investigation and resolution.*

*Implementation Date: July 2005*

*Responsible Person: Yvonne Velarde*

**Department of Human Services**

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**

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.

Questioned Cost: \$ 0

U.S. Department of Health and  
Human Services

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.

Recommendation:

DHS should review reports submitted to the Federal Awarding Agency to ensure financial information reported is accurate.

Management Response and Corrective Action Plan:

*DHS Accounting Division will develop a review process for reports submitted to the Federal Awarding Agency to ensure financial information reported is accurate. Corrected report was completed and submitted on November 13, 2004.*

*Implementation Date: December 1, 2004*

*Responsible Person: Nigel Lewis*

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**

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.

Questioned Cost: \$ 11,500

U.S. Department of Health and  
Human Services

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.

**Recommendation**

DHS should establish procedures to monitor the clearance patterns of all programs subject to CMIA Subpart A on a yearly basis. For those programs where the clearance pattern changed, DHS should notify the State of Texas Comptroller's Office during the CMIA report preparation process.

**Management Response and Corrective Action Plan:**

*It should be noted that during this period, DHS Fiscal Management Services experienced a significant workload increase associated with H.B. 2292 implementation, the re-implementation of HHSAS Financials and HHSAS HRMS, and was substantially understaffed in all key areas.*

*DHS/DADS will establish procedures to monitor the clearance patterns of all programs subject to CMIA Subpart A on a yearly basis. For those programs where the clearance pattern changed, DHS/DADS will notify the State of Texas Comptroller's Office during the CMIA report preparation process.*

*Implementation Date: March 1, 2005*

*Responsible Person: Tammy Callaway and Nigel Lewis*

**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**

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.

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

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.

Recommendation:

JPC needs to increase the amount of financial monitoring, modify the agreed-upon procedures to be more specific, and/or develop policies to request supporting information for reimbursement claims that display "unusual" criteria. For example, the agreed-upon procedures policies could be enhanced to be more specific as to sample sizes, what is acceptable documentation, verifying categorization of expenditures, what are unallowable costs, and the notation as to whether foster care was a major program within the OMB Circular A-133 report. The agreed-upon procedures should also be complimented with more financial monitoring site visits.

Management Response and Corrective Action Plan:

*JPC concurs with the need for increased financial monitoring and had already planned or completed the following prior to this audit:*

- 1) The agency has already restructured the IV-E Fiscal section to add an additional staff member. Interviews for possible candidates were held on February 04, 2005 and the position will likely be filled by March 01, 2005. The goal of increasing staffing is to complete 20 financial monitoring site visits by August 31, 2005, complete 20 site visits per year for all following fiscal years, and to increase the review of claims awaiting reimbursement. Furthermore, desk audits will be performed on reimbursement claims that display "unusual" criteria. It is not possible to project how many future claims will contain "unusual" characteristics, but the agency will review claims that appear to have unusually high eligibility rates or other indicators.*
- 2) The agency has increased training to the subrecipients. JPC has conducted four mandatory two-day trainings in January 2005 with the requirement that each subrecipient of IV-E funds send their respective IV-E fiscal staff. In the trainings, an updated procedures manual was distributed, reviewed and explained, including hands-on training of claim processing and submission. All subrecipients were further instructed to withhold submission of all claims for fiscal year 2005 until the mandatory training was completed by their IV-E fiscal staff.*

*The agreed upon procedures report instructions for fiscal year 2004 were completed and distributed in September 2004. The agency will enhance these procedures for fiscal year 2005 to be more specific.*

*Implementation Date:      March 1, 2005 - Hire additional IV-E Accountant for claims review, disbursement, and monitoring.  
August 31, 2005 - Complete 20 financial monitoring site visits for fiscal year 2005. The completion of 20 site visits per fiscal year will be on-going.  
January 31, 2005 - Four two-day trainings on reimbursement claiming were held.  
September 30, 2005 - Enhance the instructions for the fiscal year 2005 agreed upon procedures report.*

*Responsible Person:      Martin Powel*

**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**

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.

Questioned Cost: \$ 3,138,362

U.S. Federal Emergency Management Administration

U.S. Department of Health and Human Services

Corporation for National and Community Service

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.

**MENTAL HEALTH AND MENTAL RETARDATION, DEPARTMENT OF**

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Total salary and benefit costs charged to the major and non-major programs from September 1, 2003 to December 31, 2003 was:

<u>Federal Program</u>	<u>Amount Charged to the Federal Program</u>
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	\$ <u>3,138,362</u>

Recommendation:

MHMR implemented their corrective action plan during January 2004.

Management Response and Corrective Action Plan:

*The Texas Department of Mental Health and Mental Retardation (MHMR) implemented timesheets for all staff as of January 2004 in compliance of OMB A-87 requirements. The Department agrees that the payroll documentation effort for the first quarter of fiscal year 2004 did not meet the OMB A-87 standards; however, MHMR does not believe the questioned cost of \$3,138,362 is appropriate. Of this amount, more than \$2.5 million was for the Medicaid Cluster. These salary expenditures are made from state funds and cost reimbursement reports are submitted for recovery of the expenses. These cost reports represent a certification by MHMR and approval by the federal cognizant agency.*

*This leaves a remaining question cost of approximately \$600,000. MHMR payroll system provided the ability to implement time allocation for employees in the calculation of salary. These allocations were based on historical information for the activities performed by the employees. This system may not have provided for 100% accuracy in the charging of expenditures to specific grants; however, MHMR believes that any variance was immaterial and does not warrant a questioned cost of the remaining \$600,000.*

*Effective September 1, 2004, the Department of State Health Services (DSHS) implemented time keeping payroll system controls in compliance with OMB A-87.*

*Implementation Date: January 2004*

*Responsible Person: Wilson Day*

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**

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.

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

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.

Recommendation

MHMR should develop and implement an independent peer review process for entities that provide treatment services or obtain clarification of this requirement from the Center for Mental Health Services.

Management Response and Corrective Action Plan:

*MHMR and the Substance Abuse and Mental Health Services Administration (SAMHSA) negotiated an agreement that resolved this finding in January of 2002. The agreement called for the Texas Mental Health Planning Advisory Committee (MHPAC) to form a subcommittee of 3 non-DMHMR members to participate with the MHMR's Quality Management staff in the required independent peer review process of the Mental Health Block grant recipients. The MHPAC independent peer review subcommittee was formed and has met several times during calendar years 2002 and 2003.*

*Notwithstanding the aforementioned agreement, SAMHSA published a request for comments notice in the Federal Register (Vol. 67, No. 247 / Tuesday, December 24, 2002, Notices, pages. 78496-78504) in which SAMHSA proposed the elimination of the requirement that States independently peer review five (5) percent of facilities under the program each year because the States, while they fulfilled their obligation under the provision, did not use it to improve performance. In addition, the SAMHSA believed that this provision not only required that it be done but that it stipulated the way it should be done when there was nothing to suggest that an independent peer review was the best way to accomplish the goal of the provision.*

*SAMHSA did not require the independent peer review component in the 2004 Block Grant Application.*

Implementation Date:     On-going

Responsible Person:     James Smith

Auditor Response to Management Response and Corrective Action Plan:

*The current version of the United States Code, Title 42, Section 300X-53 does require the State to ensure that independent peer reviews are performed.*

**MENTAL HEALTH AND MENTAL RETARDATION, DEPARTMENT OF**

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**

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.

Questioned Cost: \$ 0

U.S. Department of Health and Human Services

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.

**Recommendation**

Under the reorganized structure, the MHMR Medicaid operations have been combined with the Health and Human Services Commission's (HHSC) Medicaid operations. HHSC should incorporate these expenditures into their existing CMIA process and perform a new clearance pattern calculation for fiscal year 2005.

*Management Response and Corrective Action Plan:*

*On September 1, 2004, the duties performed by the Texas Department of Mental Health and Mental Retardation (MHMR) was merged into two new agencies. The Department of Aging and Disability Services (DADS) became responsible for the state schools; while the Department of State Health Services (DSHS) provided for mental health services to include the mental health hospitals. In addition, oversight of the Medicaid program was transferred to the Health and Human Services Commission (Commission). Even though there were no major changes that would significantly impact the MHMR clearance patterns, the recalculation that is required every 5 years was inadvertently missed when the clearance patterns were reported on the annual CMIA report. DADS and DSHS will work with the Commission to recalculate the clearance patterns in fiscal year 2005 and provide for an accurate CMIA report.*

*Implementation Date: November 2005*

*Responsible Person: Wilson Day*

**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**

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.

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

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.

Recommendation:

The Department has corrected the certification letter and resubmitted to the Region 2 Division office as of December 22, 2004.

Management Response and Corrective Action Plan:

*As noted above, the Department has corrected and resubmitted in a letter dated December 22, 2004 to Region 2 Division the summary of license revenue and eligible expenditures for the fiscal year 2004. The Department has also developed a documented methodology for producing this information each year in order to minimize the risk of providing an incorrect report in the future.*

*Implementation Date: December 22, 2004*

*Responsible Person: Brenda Dille*

**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**

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.

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

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.

Recommendation:

DPS should correctly use their existing control (i.e. the control log) or modify the control structure 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:

*DPS concurs with the finding above. It should be noted that existing staff has implemented a new Bar Coding Capital Asset System at DPS to replace an obsolete mainframe system. Additionally, a Bar Coding System is also being installed for Consumable Inventory and is expected to be completed shortly.*

While no Federal identification tags were found at the time of the audit on the six equipment items above, those same equipment items were identified on our inventory and were located upon the auditor's request. Federal regulations require an inventory every two years. The internal control policies set in place at DPS exceed the Federal regulations by requiring an annual inventory count. We are confident that this process would have identified the asset and the federal tag would have caught up to the asset prior to the two year Federal Requirement. Serial numbers for two equipment items were not recorded to the Asset Management System due to human error in failing to record the serial number on the DPS Receiving Report from which that detail is entered into the Asset Management System. Other critical Electronic records accounted for this asset, but the detail lacked the serial number which has now been corrected.

Staffing issues prevented the equipment from being added to the DPS Asset Management Control Log at the time of the audit. The source documentation exists and will be entered into the Control Log as soon as possible. It should be noted that these assets were properly accounted for and capitalized on both the internal and external inventory systems, but only the control log needed to be updated at the time of the audit.

Implementation Date: August 31, 2005

Responsible Person: Carl Newstrom

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

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.

Questioned Cost:	\$ 0
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U.S. Department of Transportation
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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 ensure that suspension and debarment status is verified for all contracts exceeding the \$25,000 threshold.

Management Response and Corrective Action Plan:

DPS concurs with the finding above and we are currently working with our General Counsel to develop a clause or condition to be incorporated into the language of our standard contracts/purchase order.

Implementation Date: August 31, 2005

Responsible Person: Tom Jackson

Reference No. 05-38

**Allowable Costs/Cost Principles**

**Cash Management**

**CFDA 20.218 - National Motor Carrier Safety**

**Award year - See below**

**Award number - See below**

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

Allowable Costs:

Per OMB Circular A-87, attachment B, section 8H, support of salaries and wages, where employees are expected to work on multiple activities or cost objectives, a distribution of their salaries and wages will be supported by personnel activity reports or equivalent documentation which:

Questioned Cost:	\$ 446
U.S. Department of Transportation	

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

Two of 24 personnel activity reports did not agree to the federal reimbursement request amount. Fourteen hours in excess of the time sheets was charged to the grant. These two employees were commissioned so the rate was \$31.84 an hour or \$446. The questioned costs relate to MB-03-48-1 and BR-03-48-1 awards. The timesheets were reviewed by the immediate supervisor and thus certified. The certified timesheets are used by grant accounting to manually update the grant expenditure spreadsheet that is used to prepare the cash reimbursement requests. Cash requests are reviewed based on the expense spreadsheets, however, there is no detailed review of the data input into the spreadsheet. Total salary and benefits charged to the grant was approximately \$17,575,000.

Cash Management:

According to the Treasury-State Agreement for the State of Texas, the National Motor Carrier Safety grant is not included in Subpart A of 34 CFR, part 205, which implemented the Cash Management Improvement Act. Therefore The Department of Public Safety (DPS) should be complying with Subpart B, which applies to programs in the catalog of federal domestic assistance that are not subject to Subpart A. These standards state that “cash advances to a State shall be limited to the minimum amounts needed and shall be timed to be in accord only the actual, immediate cash requirement of the State in carrying out a program or project. The timing and amount of cash advances shall be as close as is administratively feasible to the actual cash outlay by the State for direct program costs and the proportionate share of allowable indirect costs. Neither a State nor the Federal government will incur an interest liability on the transfer of funds for a program subject to this Subpart.” The expense spreadsheets discussed above are to be reconciled to the general ledger on a monthly basis. Sixteen reconciliations were reviewed and none of them agreed to the general ledger. Reconciliations appear to have been done at year-end only in conjunction with the preparation of the schedule of federal expenditures. Thirty expenditures were reviewed and it was determined that the invoice or payroll was paid prior to reimbursement request.

The National Motor Carrier Safety grant has multiple subawards and award years. During fiscal year 2004 the following grant award years and grant award numbers, respectively, were open: Award years: October 1, 2003 to September 30, 2004, September 1, 2003 to August 30, 2004, September 20, 1999 to September 30, 2003, October 1, 2002 to December 30, 2003, July 8, 2003 to July 8, 2004, October 1, 2002 to March 31, 2004, October 1, 2003 to December 31, 2004, March 31, 2004 to September 30, 2004, October 1, 2002 to September 30, 2004, April 1, 2003 to March 31, 2004, August 30, 2003 to September 30, 2004, September 30, 2002 to September 30, 2003, October 1, 2002 to September 30, 2004, October 1, 2003 to March 31, 2004; Award numbers: MB-03-48-1, CD-03-TX-1, MC-99-48-222, MC-01-48-222, MC-03-48-2, MC-03-48-1, MC-04-48-1, CD-02-48-2, BR-03-48-1, MH-03-48-1, MR-03-48-2, RB-02-48-01, BR-03-48-2, and MB-02-48-2.

Recommendation:

DPS should reconcile the expense spreadsheets to the general ledger on a monthly basis. These reconciliations should be reviewed by someone other than the preparer on a timely basis.

Management Response and Corrective Action Plan - Allowable Costs:

*DPS concurs with the finding above. We found that the two employee's reports that did not match the supporting documentation related to human error from the 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 - Cash Management:

*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*

**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**

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).

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

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.

Recommendation

Stephen F. Austin State University should allocate resources to ensure Pell origination and disbursement transactions are submitted within the required timeframes.

Management Response and Corrective Action Plan:

*Normal procedures are to complete this report on a weekly basis. In the incident cited it was done at 32 days, during our peak activity in September. We feel this was an isolated occurrence and that we are diligent in our Pell reporting. I have asked the person responsible for doing the report to notify me if they are having problems meeting the monthly reporting requirements for the Pell report. If needed, additional help will be provided to meet the necessary deadline.*

Implementation Date: January 2005

Responsible Person: Michael O'Rear

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**

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.

Questioned Cost: \$ 0

U.S. Department of Education

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.

Recommendation

Stephen F. Austin State University should add a control to the existing process, preferably an automated control, to ensure undergraduate first time borrowers are accurately denoted in the disbursement records.

Management Response and Corrective Action Plan:

*Our office has controls in place to determine if a 30-day hold was necessary. We are now working with our programmer to strengthen these controls and are adding a manual quality control step to ensure we stay in compliance.*

*Implementation Date: January 2005*

*Responsible Person: Michael O'Rear*

**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**

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.

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

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, TEEEX could not locate the subrecipient agreements. TEEEX 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, TEEEX did not receive OMB Circular A-133 reports from these subrecipients. In addition, TEEEX 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), TEEEX 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, TEEEX did not include the CFDA number in the standard contract.
- In 8 of those 30 samples, TEEEX informed the subrecipient of the incorrect CFDA number.
- In 30 of those 30 samples, TEEEX did not receive OMB Circular A-133 reports from these subrecipients. In addition, TEEEX 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), TEEEX 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, TEEEX’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:

<b>Federal Program</b>	<b>Amount Charged to the Federal Program</b>
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

**Recommendation**

TEEX should utilize standardized subrecipient agreements to include all Federal award information including CFDA title and number, name of Federal agency, award name, amount, and applicable compliance requirements (e.g., allowable costs, cash management basis, equipment monitoring, period of availability, reporting, procurement, suspension and debarment certification for purchases made/subawards granted from vendors by the subrecipients). Additionally, TEEEX should send revised agreements to the subrecipients who previously entered into non-compliant agreements to include the requirements mentioned above.

TEEX should establish a policy selecting one of the three available options for suspension and debarment compliance to apply towards future subrecipient agreements. Also for prior agreements currently in place, TEEX should obtain certifications of suspension and debarment compliance.

TEEX should initiate a policy to inform subrecipient's of A-133 reporting requirements, and assign the responsibility to a staff person to obtain and track the reports, issue management decisions, and follow up on implementation of the corrective action plans.

TEEX should also consider adding additional elements to their monitoring process such as review of periodic financial data and performance of site reviews based on the risk assessments currently performed.

*Management Response and Corrective Action Plan:*

*Beginning with the award of the fiscal year 2004 Grants in March 2004, TEEX began using a standardized subrecipient agreement, which includes CFDA title and number, the name of the Federal agency, award name, amount, and applicable compliance requirements. TEEX will send revised agreements to all subrecipients whose grants are still in the performance period by September 1, 2005.*

*TEEX will establish a policy of ensuring suspension and debarment compliance. TEEX will also obtain certifications of suspension and debarment compliance for prior agreements by September 1, 2005.*

*TEEX initiated a policy of informing subrecipients of A-133 reporting requirements in September 2004. Tracking of the reports is performed by TEEX monitoring staff.*

*TEEX is continually updating and improving its subrecipient monitoring process. TEEX has performed site reviews of 19% of FY 1999 Grant recipients, 25% of FY 2000 Grant recipients, and 24% of FY 2001 Grant recipients. Site reviews are currently underway for all other grants. TEEX plans to monitor approximately 200 grants through 45 site visits by September 1, 2005. Additionally, the monitoring risk assessment is currently undergoing modification to account for a 400% increase in monitoring staff. The FY 2006 monitoring risk assessment will be completed by September 1, 2005.*

*Implementation Date: See above*

*Responsible Person: Charley Todd*

<b>Texas State University</b>
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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 FFELP loans****Type of finding - Material Weakness Control and Material Non-Compliance**

Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) via the Common Origination and Disbursement (COD) 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).

Questioned Cost: \$ 0

U.S. Department of Education

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.

Recommendation

Texas State University should maintain the required reconciliations and should add controls so that the reconciliations are timely reviewed.

Management Response and Corrective Action Plan:

*The financial aid accountant is responsible for reconciling the expenditures for the various Federal, State and local funds by individual account and social security number (SSN). Although reconciliations are performed on a monthly basis, hard copies were not printed in the past. A soft copy file was updated for the current month's activity, not allowing for an appropriate audit trail. In working through the FSA Assessments, these shortcomings were identified and procedures updated to bring the reconciliation process in compliance with Federal regulations.*

*Beginning with April 2004, in addition to a soft copy being saved separately by month, a hard copy of the reconciliation recap page is printed. The reconciling differences between the general ledger, financial aid system and COD by SSN are also printed. An explanation of differences between the three systems is provided by SSN.*

*Procedures were also modified to include review of monthly reconciliations by the associate director of financial aid who will spot check the reconciliation records. A checklist of accounts to be reconciled is printed monthly and provides the accountant with a quick check to assure that no accounts are missed.*

*Implementation Date: April 2004 and August 2004*

*Responsible Person: Debi Foster and Cindy Burkhart*

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**

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).

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

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.

Recommendation

Texas State University should implement a process for ensuring all required notifications are sent and that documentation of the notification is maintained. Texas State University should also clarify their process of returning funds to lenders during summer sessions.

Management Response and Corrective Action Plan:

*Texas State University Office of Student Financial Aid acknowledges the fact that a certain population of FFEL borrowers were not notified in writing of their right to cancel all or a portion of their loan, the amount and date of the disbursement and the procedures and time by which the student or parent must notify the institutions that he or she wishes to cancel the loan or loan disbursement.*

*This oversight was due in part because of the transition over to Electronic Funds Transfer (EFT) for our FFEL borrowers. This issue was overlooked among all the other processes and procedures that were necessary to implement in the transition over to EFT. This issue was actually detected before the audit and steps were taken to correct the problem at that time. The problem has been rectified. The implementation of this policy and process has been added to an already existing process for all our loan borrowers to receive notification that is in accordance with the compliance requirements.*

*Texas State University Office of Student Financial Aid acknowledges the fact that an error occurred in the release of loan funds after 23 working days, as the funds were not returned to the lender. We find this to be an isolated incident and are fully aware of the compliance requirements. To make sure we are in compliance our office has the following procedures in place:*

- 1) Review of roster of incoming funds by at least two different staff in two different areas. This list includes exceptions that are addressed.*
- 2) Report generated by the Accounting Office that lists funds approaching 21 days old. A unit within OSFA reviews and takes necessary action on any loan funds.*
- 3) Periodic review of the two lists mentioned above by management to ensure compliance.*

*Implementation Date: January 2004*

*Responsible Person: Criss Jass*

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**

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.

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

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.

Recommendation

Texas State University should implement a process where any changes done by the registrar's office are reported to the office of student financial aid and all students are reported to NSC within the required timeframe so the students' enrollment status is properly reported.

Management Response and Corrective Action Plan:

*The programming error that caused the incorrect reporting of enrollment status has been identified and addressed. Follow up to verify data integrity of this fix is scheduled.*

*A meeting with the registrar occurred to address "after the fact" changes in enrollment. As a result of this meeting, it was agreed that all retroactive changes will be communicated to the financial aid office, specifically to the system analyst. The registrar and the financial aid director will follow up with the provost to determine if changes to policies and procedures relative to retroactive enrollment changes are needed. Beginning mid year in 2005, the registrar office and the office of financial aid will be reporting to the same associate vice president in the academic affairs division. Such a change should ensure on going communication relative to enrollment issues.*

*Implementation Date: January 2005*

*Responsible Person: Dede Gonzales*

<b>University of Houston</b>
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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**

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.

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

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.

**Recommendation:**

The University of Houston should generate a query report of graduate students and manually report students on an ad hoc report within the required 30-day reporting timeframe of graduation until the system patch is completed and functioning as designed.

**Management Response and Corrective Action Plan:**

*We will generate a query report, until the system patch is completed and functioning as designed, to identify all students who graduate and report them within the 30 day time frame.*

*Implementation Date: June 20, 2005*

*Responsible Person: Robert B. Sheridan*

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 -

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.”

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

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.

Recommendation:

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

Management Response and Corrective Action Plan:

*Our financial aid software vendor, WolffPack Inc., has corrected this programming error in their 2005-2006 regulatory release and will be reporting the disbursement date and not the report date.*

*Implementation Date: September 4, 2005*

*Responsible Person: Robert B. Sheridan*

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**

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).

Questioned Cost: \$0

U.S. Department of Education

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.

**Recommendation:**

The University of Houston should add the FPL recipients to the report query used to generate notification letters to be in compliance with federal regulations.

**Management Response and Corrective Action Plan:**

*We have modified the report query used to generate notification letters to include FPL recipients to be in compliance with federal regulations.*

*Implementation Date: January 9, 2005*

*Responsible Person: Robert B. Sheridan*

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**

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)).

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

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.

Recommendation:

The University of Houston should generate a query report of students who withdrew during the month and submit the University's portion of the return to the Department of Education or the lender at the end of each month to ensure funding is returned within the 30-day requirement.

Management Response and Corrective Action Plan:

*The Office of Scholarships and Financial Aid has modified its procedures to require the generation of a query report to identify students who withdraw during the month. These procedures also require the University to submit its portion of the return to the U.S. Department of Education or the lender within the 30 day requirement.*

*Implementation Date: September 2, 2004*

*Responsible Person: Robert B Sheridan*

## 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

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).

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

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.

#### Recommendation

Based on our audit procedures performed on the notification process subsequent to the fall 2003 term, notifications appear to be sent in a timely manner to all FFELP and FPL recipients.

#### Management Response and Corrective Action Plan:

*Management concurs with the analysis and recommendation. When the 2002-2003 single audit revealed the concern, computer programming was modified to address the issue.*

*Implementation Date: September 2003*

*Responsible Person: Carolyn Cunningham*

**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 84.003, P033A034173; CFDA 84.038, P038A034173; CFDA 84.063, P063P032336**

**Type of finding - Non-Compliance**

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.

Questioned Cost:	\$ 833
U.S. Department of Education	

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.

Recommendation:

The University of Texas at Austin should ensure that the counselors are reminded of the need to correctly input professional judgment decisions.

Management Response and Corrective Action Plan:

*The University of Texas at Austin agrees that in the two cited cases the budgets were adjusted not in accordance with office policy. Accurate budget adjustments due to variance in hours from the budgeted norm would have required an adjustment in Title IV aid to avoid an over-award situation; the adjustments were not executed when they should have been.*

*The Office of Student Financial Services (OSFS) will develop a program to identify weekly those budgets, which are adjusted from the standard norms. The report will be delivered to the Assistant Director for Information Services for review and any necessary action to insure that overawards are avoided.*

Implementation Date: April 1, 2005

Responsible Person: Sonje Johnson

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 84.003, P033A034173; CFDA 84.038, P038A034173; CFDA 84.063, P063P032336**

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

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.

Questioned Cost: \$ 0

U.S. Department of Education

Recommendation:

The University of Texas at Austin should implement a system for tracking telecommunications courses.

Management Response and Corrective Action Plan:

*A review of the University of Texas System's TeleCampus website ([www.uttc.org](http://www.uttc.org)) listing of programs and courses shows that none are supported through the University of Texas at Austin. In addition, a review of the Distance Education Center 2004-2005 Course Catalog (website: [www.utexas.edu/cee/dec](http://www.utexas.edu/cee/dec)) shows some 88 courses available on-line which are available to complete degree requirements at the University of Texas at Austin.*

*Per 34CFR600.7, a course must be considered as being offered once during an award year regardless of the number of times it is offered during that year. Using that definition, we taught 3907 courses in fall 2001, 3900 in spring of 2002, and 2230 in summer of 2002." While many of the some 3,900 courses available on campus no doubt make use of electronic support of the teaching mission, my research provides support that the University of Texas at Austin is in compliance with the Department of Education's requirement that no more than 50% of its course work be delivered electronically.*

*As the second-largest university in the nation (with student enrollment just over 50,000 for Fall 2004) and 2,198 FTE faculty and with a main campus of over 350 acres, telecommunication courses are important, but the classroom delivery of knowledge remains our primary method of instruction. See UT Austin's Institutional Studies Statistical Handbook at [http://www.utexas.edu/academic/oir/statistical\\_handbook/04-05/](http://www.utexas.edu/academic/oir/statistical_handbook/04-05/) and the General Information publication at <http://www.utexas.edu/student/registrar/catalogs/gi04-05/ch1/ch1c.html> for details.*

*Implementation Date: October 15, 2004*

*Responsible Person: Henry Urick*

Auditor Response to Management Response and Corrective Action Plan:

*The statistics noted above do appear to indicate the University of Texas at Austin is in compliance with the telecommunications course requirement. However, the University of Texas at Austin is required to formally track the number of telecommunications courses provided.*

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**

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.

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

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.

Recommendation:

The University of Texas at Austin should implement a system for ensuring the completeness of the Roster Files. All students who are enrolled as half or full-time and receiving FFELP loans should be included on the Roster File.

Management Response and Corrective Action Plan:

*The Office of the Registrar will work with the Office of Student Financial Services to add a detail record for any student enrolled at the University of Texas at Austin who is not included on the incoming NSLD SSCR roster, but who is receiving a Title IV federal student loan.*

*The Office of the Registrar will do this by running the incoming NSLDS SSCR roster (SSCROP) against a dataset of those students enrolled at the University of Texas at Austin who have received a Title IV federal loan (Stafford, Perkins). A "detail record" will be added for each student who has received a Title IV federal loan or who is not found on the SSCROP. The new detail record will be returned with the outgoing roster (SSCRIN).*

*The Office of the Registrar and the Office of Student Financial Services plan to create, test, and implement this addition to reporting by December 31, 2004.*

*Implementation Date: December 31, 2004*

*Responsible Person: Henry Urick*

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**

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.

Questioned Cost: \$ 0

U.S. Department of Education

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.

Recommendation:

The University of Texas at Austin has implemented policies to maintain the documentation of the required phone calls. Management should review the documentation to ensure all the students on the call list were contacted the minimum two phone calls before being turned over to the collection agency. In addition, the University of Texas at Austin should correct the graduate report generation to include all students with Perkins loans who are no longer at the University or will be graduating.

Management Response and Corrective Action Plan:Collection Calls -

*As of December 2003, new procedures were put into place to make certain two collection calls are made to delinquent Perkins borrowers prior to them being turned over to a collection agency. Each month, I download the collection agency turnovers into Excel. I look at the message notations to make certain two collection calls or more have been attempted before the loans are submitted to an agency. If the required calls have not been made, I change the status to a holding status and do not submit them. I notify one of the collectors to attempt to contact those borrowers by phone before the next billing date. Once the required calls have been made, if the borrowers have not yet taken steps to establish a payment plan or to submit deferment or forbearance forms, the accounts are turned over to a collection agency the following month. The one loan that was found with only one call was turned over to a collection agency before the implementation of this new procedure.*

Collection calls are made on all cohort accounts at 2 and 3 months past due. Additionally, collection calls are made to all accounts at 4 and 5 months past due. Each collection maintains a call log for each month and notates the calls in the comment screen on the system.

*Exit Interviews -*

The Office of Student Financial Services (OSFS) took over the exit interview process in October 2002. The two exception accounts found should have been exited sometime after December 2002. Both students were in school in the Fall 2002 semester but were obliterated/cancelled in Spring 2003. On October 10, 2004, Student Accounts Receivable (SAR) manually prepared exit interviews for the two students found in the audit sample for which exit interviews had not been sent, and mailed the information to them.

On October 19, 2004, SAR staff met with the OSFS programmers and the SAR Information Technology programmers to determine why several Perkins borrowers were not being properly exited. We concluded that the SLN\$EXIT module returned a code that to the OSFS program that did not exit certain borrowers based on the current status in the loan file. We collectively decided to exit any borrowers with an outstanding balance, who met the exit criteria (e.g. dismissed, obliterated, withdrawn, graduated, did not return) regardless of their Perkins loan status.

We will not generate and e-mail exit interviews to the borrowers affected by the aforementioned circumstances. For many statuses, the borrowers may have already received multiple letters and phone calls during their grace period, and when accounts became delinquent. Exit interview packages sent at this late date, would likely confuse the borrowers. Thus, exit interview material will be sent only to those borrowers who entered a grace period after June 1, 2004.

Implementation Date: October 15, 2004

Responsible Person: Henry Urick

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**

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.

Questioned Cost:	\$ 0
Federal Agencies that Provide R&D grants	

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.

Recommendation:

The University of Texas at Austin has implemented the new requirements as of January 2004. Further, the University of Texas at Austin verified that all vendors awarded contracts between November 2003 and January 2004 were not suspended or debarred per the EPLS.

Management Response and Corrective Action Plan:

*This federal rule became effective the day before Thanksgiving 2003. Since the University of Texas at Austin was closed for the holidays as of December 22, 2003, there were only 16 business days of noncompliance. During that time, no vendors were used that had been suspended or debarred. The University of Texas at Austin has taken action to receive more timely information.*

Implementation Date: January 2004

Responsible Person: Floyd Self

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**

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.

Questioned Cost:	\$ 0
Federal Agencies that provide R&D grants	

Recommendation:

Effective September 1, 2004, the University of Texas at Austin modified their payable methodology to pay all expenses associated with letter of credit transactions within one business day of being entered into the accounts payable system. Upon testing of the new process, the system was found to be properly designed and operating effectively to ensure that federal transactions were paid prior to draw requests being presented to the federal government.

Management Response and Corrective Action Plan:

*This project was implemented in September 2004. All draws in fiscal year 2004-2005 are expected to be in compliance with the Cash Management Improvement Act. To eliminate the lag between transaction posting & payment, the University of Texas at Austin modified the payment documents funded by letter of credit to insure that draw requests remain on an incurred basis. The change to the payment process ensures greater integrity to the data supported by the general ledger balances.*

*Implementation Date: September 1, 2004*

*Responsible Person: Jason Richter*

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**

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.

Questioned Cost:	\$ 0
Federal Agencies that provide R&D grants	

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.

Recommendation:

The University of Texas at Austin should modify the matching policies and procedures so matching provisions can be monitored on a fiscal year basis along with the grant period. Once all the grants are “renewed” and incorporated into the program income tracking mechanism noted above, the University of Texas at Austin will have a complete listing of program income generation. This will allow G&C to monitor and ensure the income is spent in accordance with the provisions of the respective grant agreements.

*Management Response and Corrective Action Plan:*

*The University of Texas at Austin is investigating strategies to collect more comprehensive matching information to reside in RMS through the Office of Sponsored Projects. This information will be used in an automated data retrieval of matching information. This matching information may be incorporated into the accounting system to report matching more efficiently.*

*Implementation Date: August 31, 2005*

*Responsible Person: Bobby McQuiston*

**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**

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.

Questioned Cost:	\$ 0
Federal Agencies that Provide R&D grants	

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.

Recommendation:

The University of Texas at Dallas should incorporate into their vendor selection process controls and compliance provisions to ensure vendors with contracts > \$25,000 are not suspended or debarred.

Management Response and Corrective Action Plan

*The University's Procurement Management concurs with the recommendation and has already put in place the following steps to ensure all purchases with federal funds over \$25,000 comply with federal debarment guidelines:*

- 1) *Every formal university bid document now contains a certification clause related to compliance with the federal debarment requirement.*
- 2) *Prior to award of any purchase that exceeds \$25,000 with federal funds, the university buyer will verify the vendor's status via the List of Parties Excluded from Federal Procurement and Nonprocurement website: [www.epls.gov](http://www.epls.gov).*
- 3) *If the vendor has been suspended or debarred from doing business with the federal government, the buyer will award to the next vendor in accordance to "best value" procurement.*

Implementation Date: September 2004

Responsible Person: Pete Bond

## 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

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.”

Questioned Cost: \$ 0

U.S. Department of Education

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.

#### Recommendation:

UTHSC-SA should review their methodology and revise to ensure the Pell disbursements are reported within the 30-day timeframe.

#### Management Response and Corrective Action Plan:

*After careful review, management concurs with the finding. The 590 process by which funds were disbursed to students was the only and most effective way to deliver funds given the lack of an integrated student account module.*

*The implementation of PeopleSoft’s student account module has completely rectified this issue. Federal Pell funds are disbursed directly to the student account daily (every business day). The federal Pell proceeds are delivered at that point. Residual funds, if any, are mailed to the student. Pell originations and disbursements are reported bi-weekly. Therefore, the 30-day reporting window is always adhered to. The date used in the transaction is the date funds were credited to the student’s account. Any subsequent increase or reduction to the Pell disbursement is reported by the same process.*

Implementation Date: August 30, 2004

Responsible Person: Robert T. Lawson, Jr.

**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**

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.

Questioned Cost: \$ 0

U.S. Department of Health and Human Services

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.

Recommendation:

M.D. Anderson should have the after-the-fact confirmation effort certifications performed on a monthly basis.

Management's Response:

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.

Implementation Date: September 1, 2006

Responsible Person: Leonard Zwelling and Melinda Mathis

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**

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.

<p>Questioned Cost: \$ 823,139</p> <p>Federal Agencies that Provide R&amp;D grants</p>
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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.

Recommendation:

The University of Texas M.D. Anderson Cancer Center should incorporate into their vendor selection process controls and compliance provisions to ensure vendors with contracts greater than \$25,000 are not suspended or debarred. In addition, consideration should be given to developing a checklist to assist with maintaining the required documentation in the vendor contract files. Then training should be initiated to ensure that all individuals responsible for procurements are familiar with the documentation standards.

Management Response and Corrective Action Plan

*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.*

*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**

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.

Questioned Cost:	\$ 0
Federal Agencies that Provide R&D grants	

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.

Recommendation:

The University of Texas M.D. Anderson Cancer Center should review and make enhancements to their policies and procedures to ensure that all reporting requirements are met.

Management Response and Corrective Action Plan

*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 pre-award 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.*

*Implementation Date: September 1, 2004*

*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**

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).

Questioned Cost:	\$ 6,991
Federal Agencies that Provide R&D grants	

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.

Recommendation:

The University of Texas M.D. Anderson Cancer Center should consider adding a front end automated control to keep these expenditures from being charged to awards after their stated grant period has expired.

Management Response and Corrective Action Plan

*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 pre-award 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.*

*Implementation Date: September 1, 2005*

*Responsible Person: Leonard Zwelling and Melinda Mathis*

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**

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.

Questioned Costs:	\$ 0
Federal Agencies that provide R&D grants	

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.

Recommendation:

University of Texas M.D. Anderson Cancer Center’s subrecipient monitoring process relies heavily on the performance of site visits and OMB Circular A-133 reviews. University of Texas M.D. Anderson Cancer Center should ensure that it has the necessary resources to perform the reviews as determined by the risk assessment process. Additionally, University of Texas M.D. Anderson Cancer Center should implement procedures to ensure that OMB Circular A-133 audit reports are obtained from and follow-up procedures performed for all subrecipients expending more than \$500,000 in Federal Funds from all sources of funding.

*Management Response and Corrective Action Plan:*

*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 pre-award 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.*

*Implementation Date: September 1, 2005*

*Responsible Person: Leonard Zwelling and Melinda Mathis*

<b>University of Texas Southwestern Medical Center at Dallas</b>
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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**

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.

Questioned Cost:	\$ 0
Federal Agencies that Provide R&D grants	

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.

Recommendation:

The University of Texas Southwestern Medical Center at Dallas should incorporate into their vendor selection process controls and compliance provisions to ensure vendors with contracts greater than or equal to \$25,000 are not suspended or debarred.

Management Response and Corrective Action Plan

*UT Southwestern was not aware of the change in rules which lowered the suspension and debarment certification threshold from \$100,000 to \$25,000. Immediately upon receiving the information about the change, our vendor certification was modified to the lower threshold.*

*Implementation Date: September 1, 2004*

*Responsible Person: A. Joe Beherns*

**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).

Questioned Cost: \$ 8,945

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

Recommendation:

TWC should correct the query design so the "op-wlfl-amt" is included and determine, per discussion with their federal representative, if the above reports should be refiled.

Management Response and Corrective Action Plan

*The error on the report is the result of incorrect coding. The ETA-563 is in the process of being re-coded and will be produced from the TWIST database. (Previously the data for the report was housed and produced from a Data Warehouse.) The recoding will be tested and this coding error will be corrected. We will refile the report to correct the error noted by the auditors.*

*Implementation Date: January and February 2005*

*Responsible Person: Dave Smith*

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 reported on the major program CFDA 14.871, Section 8 Housing Choice Vouchers, audited by other auditors.

**Department of Housing and Community Affairs**

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**

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.

Questioned Cost: \$ 5,351

U.S. Department of Housing  
and Urban Development

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.

Recommendation

The Department should fully execute contracts with all property owners, and it should be consistent in ensuring that all documents in a tenant's file have been completed, reviewed, and signed.

Management Response and Corrective Action Plan:

*The Department acknowledges that every contract should be fully executed prior to landlord payment. The Department minimizes the risk of paying a landlord prior to fully executing a contract by completing rent calculations, determining tenant income eligibility, and conducting the housing quality standards inspection.*

*The Department will revise the contract preparation process to require review and approval of HAP contracts by the Section 8 Coordinator prior to creating or amending a contract file in the Genesis system. To strengthen the review process, each section of the Quality Control Checklist will be revised to include a section indicating that the Section 8 Coordinator reviewed the file and either approved or disapproved of each section of the checklist. Using the revised Quality Control Checklist, the Section 8 Coordinator will determine if the contract is complete and if the contract is executed, and will return the file to the appropriate Regional Coordinator for corrections if necessary.*

*In addition, the Department will amend the Section 8 quality control procedure to include an additional Control Log for incomplete HAP Contracts. The Section 8 Coordinator, responsible for quality control review of contract files, will maintain a log of all incomplete contracts returned to Regional Coordinators and will check off each entry when it is returned with corrections. The Section 8 Coordinator will provide the log to the Project Manager on a monthly basis. The Project Manager will review the log to ensure contract files have been completed, reviewed, and signed within a reasonable timeframe.*

*Implementation Date: March 15, 2005*

*Responsible Person: Cecelia Arvallo*

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**

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.

Questioned Cost: \$ 4,080

U.S. Department of Housing  
and Urban Development

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.

Recommendation

The Department should ensure that it consistently completes all portions of the HAP checklist.

Management Response and Corrective Action Plan:

*To strengthen the review process, each section of the quality control checklist will be revised to include a section indicating that the Section 8 Coordinator reviewed the file and either approved or disapproved of each section of the checklist. Files not approved will be listed on the Control Log for Incomplete HAP Contracts and returned to the Regional Coordinator for completion. Upon completion, the file will be returned to the Section 8 Coordinator for final quality control review.*

*Implementation Date:* March 15, 2005

*Responsible Person:* Cecelia Arvallo,

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**

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.

Questioned Cost: \$ 0

U.S. Department of Housing  
and Urban Development

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.

#### Recommendation

The Department should ensure that it consistently completes all portions of the HAP checklist and that HAP checklists are completed for all tenant files.

#### Management Response and Corrective Action Plan:

*To strengthen the review process, each section of the quality control checklist will be revised to include a section indicating that the Section 8 Coordinator reviewed the file and either approved or disapproved of each section of the checklist. Files not approved will be listed on the Control Log for Incomplete HAP Contracts and returned to the Regional Coordinator for completion. Upon completion, the file will be returned to the Section 8 Coordinator for final quality control review.*

*In addition, the Department will work with Information Systems to add a quality control approval field to the contract tracking system. The Section 8 Coordinator will enter a date in the approval field. The Project Manager will generate a monthly report to determine contract files that have not received a final quality control review.*

*Implementation Date:* April 30, 2005

*Responsible Person:* Cecelia Arvallo

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**

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.

Questioned Cost: \$ 0

U.S. Department of Housing  
and Urban Development

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.

Recommendation

The Department should ensure that it consistently requires a signed "Criminal History Certification/Acknowledgement" form for all adults aged 18 and over who participate in the Section 8 Housing Choice Vouchers Program and that the eligibility section of the form is completed.

Management Response and Corrective Action Plan:

*Implementation of the Control Log for Incomplete HAP Contracts (see Reference No. 05-67) will assist the Project Manager in assuring that criminal history certifications are on file for all adults aged 18 and over.*

*Implementation Date: March 15, 2005*

*Responsible Person: Cecelia Arvallo*

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**

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.

Questioned Cost: \$ 0

U.S. Department of Housing  
and Urban Development

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.

Recommendation

The Department should ensure that program or regional coordinators review and sign all HAP checklists.

Management Response and Corrective Action Plan:

*See response to Reference No. 05-68. Each section of the quality control checklist will be revised to include a section indicating that the Section 8 Coordinator reviewed the file and either approved or disapproved of each section of the checklist. Files not approved will be listed on the incomplete contract file log and returned to the Regional Coordinator for completion. Upon completion, the file will be returned to the Section 8 Coordinator for final quality control review.*

*Implementation Date: March 1, 2005*

*Responsible Person: Cecelia Arvallo*

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**

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.

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

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.

Recommendation

The Department should ensure that individuals performing inspections of housing units for the Section 8 Housing Choice Voucher program receive additional training to ensure consistency among inspections and reinspections. Additionally, it should ensure that inspectors complete each section of the HUD-52580-A form prior to filing the form. Department program managers also should incorporate into the quality control inspection process a review of the HUD-52580-A forms for completion.

Management Response and Corrective Action Plan:

*The Department will develop a HQS training for Local Operators which will include a written exam to evaluate the knowledge of the Local Operator. The training will provide instructions on completing the HUD-52580-A inspection booklet. Upon completion of the training, all Local Operators will be required to pass the written test prior to performing HQS inspections.*

*To strengthen the review process, the Department will revise the Quality Control Checklist (contract routing sheet) to allow the Section 8 Coordinator to verify and approve completeness of the HUD 52580-A inspection form. In addition, each section of the quality control checklist will be revised to include a section indicating that the Section 8 Coordinator reviewed the file and either approved or disapproved of each section of the checklist. Files not approved will be listed on the Control Log for Incomplete HAP Contracts and returned to the Regional Coordinator for completion. Upon completion, the file will be returned to the Section 8 Coordinator for final quality control review.*

*Implementation Date: June 1, 2005 (Local Operator training program) and May 15, 2005*

*Responsible Person: Cecelia Arvallo*

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**

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.

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

Recommendation

The Department should fully implement the use of the Contract Routing Sheet as a means to ensure that the files are reviewed and approved by management.

Management Response and Corrective Action Plan:

*The Department will revise the quality control checklist (Contract Routing Sheet) to allow the Section 8 Coordinator to verify and approve the completeness of the HUD 52580-A Inspection Form.*

*Implementation Date: March 15, 2005*

*Responsible Person: Cecelia Arvallo*

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**

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.

Questioned Cost:	\$ 1,842
U.S. Department of Housing and Urban Development	

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.

Recommendation

The Department should ensure that it documents whether non-life-threatening deficiencies are corrected within 30 calendar days and that it begins abating payments when appropriate.

Management Response and Corrective Action Plan:

*In 2003, the Department developed and implemented the use of housing quality standards deficiency letters to address (1) life-threatening and (2) non-life-threatening deficiencies. To further enhance the system to ensure that life-threatening and non-life threatening deficiencies are addressed, the Department will revise the inspection section of the quality control checklist to document whether deficiencies were corrected within 30 calendar days for non-life threatening deficiencies and 24 hours for life-threatening deficiencies and that abatement begins when appropriate. The Regional Coordinator will be responsible for enforcing the use of the housing quality standards deficiency letters for all failed inspections. The Department will revise the Control Log for Incomplete HAP Contracts to allow the Section 8 Coordinator to review the contract file for inclusion of these letters.*

*Implementation Date: March 15, 2005*

*Responsible Person: Cecelia Arvallo*

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**

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.

Questioned Cost: \$ 0

U.S. Department of Housing  
and Urban Development

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.

Recommendations

Before Section 8 transactions are processed for payment, the Department should implement a review and approval process to ensure that all transactions entered into the Section 8 system are verified by someone other than the individual who entered the transaction into the system. The Department also should incorporate an automated approval mechanism into the Section 8 system, if feasible, to ensure that transactions cannot be passed on for payment without third-party approval.

The Department also should implement separation of duties so that personnel who are responsible for entering contracts into the Section 8 system cannot also establish vendors in the Department's accounting system. It should also (1) ensure that a third party, who does not have direct programming responsibilities, moves programs into the production environment or (2) implement a third-party process to monitor the movement of programs into the production environment and direct program and data changes made by developers.

The Department also should ensure that only those personnel with a direct need to move programs into the production environment have access to perform this task. In addition, it should change the password for moving programs into the production environment at least every 90 days.

Management Response and Corrective Action Plan:

*With regard to the recommendations included in paragraph 1, the Department will revise the process for HAP contract preparation and setting up the HAP contract for payment in the Genesis system by dividing these duties among Section 8 staff. A Regional Coordinator will be responsible for preparing the HAP contract (verifying income eligibility, verifying utility allowance, determining rent reasonableness, verifying vendor information, etc.) before forwarding the HAP contract to the Section 8 Coordinator for quality control review. After the Section 8 Coordinator approves a HAP contract, the Section 8 Coordinator will forward the HAP contract to a Regional Coordinator not involved in preparing that contract. The second Regional Coordinator will be responsible for entering the HAP contract for payment in the Genesis system.*

*With regard to the recommendations included in paragraphs 2 and 3: Because of technical limitations associated with the legacy platform on which the Section 8 System is operated and maintained and because of resource limitations, it is necessary that the two programmers who maintain the Section 8 System have multiple responsibilities (both programmer and DBA) and have access to production data.*

*Current controls that the department has in place to mitigate the risks associated with this level of access include the following: 1) The software development manager is assigned supervisory responsibilities over the two programmers, including work order assignment and monitoring and employee evaluations. 2) The end users of the Section 8 System are responsible for testing and verifying changes to the system. 3) The Department uses a change control process in which the agency's IT steering committee approves or disapproves system changes submitted by division directors.*

*In addition to these controls, the Department will implement a third-party process to monitor the movement of Section 8 programs into the production environment. This process will be formalized in a standard operating procedure, which will include a written description of the software development manager's responsibilities for directing program and data changes made by the two programmers.*

*The Department will also implement a process for changing the password for moving programs into the production environment at least every 90 days on the legacy platform on which the Section 8 System resides.*

*Implementation Date: April 30, 2005*

*Responsible Person: Eddie Fariss*

**Summary Schedule of Prior Audit Findings**

Federal Portion of  
Statewide Single Audit Report

For the Year Ended August 31, 2004

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## Summary Schedule of Prior Year Audit Findings - Table of Contents

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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 2003 Schedule of Findings and Questioned Costs
- Each finding in the 2003 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, 2004) 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

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.

Initial Year Written: 2002  
Status: Partially Implemented

U.S. Department of Health and  
Human Services

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.*

Implementation Date: On-going

Responsible Person: Wilson Day

**Higher Education Coordinating Board**

Reference No. 04-01

**Special Tests and Provisions - Student Status Changes**

**Student Financial Assistance Cluster - Loan Servicing of Federal Family Education Loans (FFELP)  
Type of finding - Reportable Condition Control**

Texas Guaranteed Student Loan Corporation (TGS LC) communicates student status changes to the Higher Education Coordinating Board (HECB) on a weekly basis. HECB downloads the electronic file each week for processing. Processing includes reviewing each student and determining if the TGS LC information is more accurate than the HECB records. Occasionally the students or schools will contact the HECB directly with information. Once an update is determined to be necessary, staff at HECB manually input the change through one of two processes. The less complex updates are input by data processing staff within the loan services department. HECB procedures over this process do not include supervisor review, record counts, reperformance, etc., which could be considered controls for assisting in ensuring the processing of all student status changes.

Initial Year Written:	2003
Status:	Implemented
U.S. Department of Education	

Federal regulations require that once the HECB is notified of a student status change, they must use the data to make proper and timely adjustments to each loan. For purposes of this requirement, “timely” means adjustments are made in time to satisfy the time requirements outlined in 34 CFR 682.209 for converting and beginning collection of loans. Of the 40 student status changes reviewed, all were processed timely in accordance with regulations.

Corrective Action:

Corrective action was taken.

Reference No. 04-02

**Special Tests and Provisions - Interest Benefit Payments**

**Student Financial Assistance Cluster - Loan Servicing of Federal Family Education Loans (FFELP)  
Type of finding - Reportable Condition Control and Non-Compliance**

Interest subsidy calculations have specific start dates based on the type of loan being serviced. The Higher Education Coordinating Board (HECB) utilizes its mainframe to calculate interest benefits. Occasionally a change is necessary to the specific start date, or “note date”. The process at HECB included the completion of a data change form, which is to be processed by the information systems department. This data change form was not always being utilized. When the form was used, information was then being passed to a sub routine called loan note due date correction (LNDDC). HECB discovered that an error existed in the programming of the field sizes so the sub routine did not return the correct values for interest benefits.

Initial Year Written:	2003
Status:	Implemented
U.S. Department of Education	

In a sample of 30 FFELP loan disbursements, one loan’s start date was processed incorrectly resulting in an undercharge of 16 cents to Department of Education. HECB determined the number of potentially affected loans to be 163 ranging from 1993 to 2003. HECB has reviewed 85 of these loans and determined they owe the borrowers \$67.55 and U.S. Department of Education \$602.53.

Corrective Action:

Corrective action was taken.

Reference No. 04-03

**Reporting**

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

**Type of finding - Non-Compliance**

The Higher Education Coordinating Board (HECB) is required to file an Accountability Report (Form IV), Consolidated Annual Performance, Accountability, and Financial Status Report. The accountability report contains data to be used in determining whether HECB met their adjusted performance levels for each of its core indicators of performance. The four indicator areas are: (1) attainment of academic and vocational skills, (2) attainment of diploma or credential, (3) placement and retention, and (4) participation in, preparation for, and completion of programs leading to non-traditional occupations. HECB maintains certain databases to track these performance indicators. Per review of a report which measured core indicators #2 above, the information appears to be captured in a complete and accurate fashion from the secondary schools. While inputting of the number of male and females who received diplomas, HECB input the total number of received diplomas in the male line item and the males count in the female line item on the on-line report. Therefore, the on-line report total for that indicator category was incorrect and entirely omitted the female count. The information for ethnic breakouts and special populations breakouts was correctly input.

Initial Year Written:	2003
Status:	Implemented
U.S. Department of Education	

Corrective Action:

Corrective action was taken.

**Education Agency**

Reference No. 04-04

**Reporting**

**CFDA 84.002 - Adult Education-State Grant Program**  
**Type of finding - Non-Compliance**

The Adult Education program requires two financial status reports to be filed each year for (1) the Adult Education and Literacy Expenses (all expenses) and (2) the EL-Civics Expenditures. For the July 2000 to September 2002 grant, the financial status reports filed during fiscal year 2003 noted the following differences:

Initial Year Written: 2003  
Status: Implemented

U.S. Department of Education

- The EL-Civics Federal expenditures of \$1,693,509 were not included in the total expenses reported in the Adult Education and Literacy Expenses report.
- Federal funds spent on institutionalized persons of \$2,207,285 were correctly reported as programs of instruction but should have also been included in column (e) for institutionalized persons programs in the Adult Education and Literacy Expenses report.
- Also, \$1,000,000 spent on family literacy was included in the state leadership total rather than instruction expenditures in the Adult Education and Literacy Expenses report.

Texas Education Agency amended the report and corrected the above items in October 2003. Also, the July 2001 to September 2003 grant interim financial status reports were noted to be prepared correctly.

Corrective Action:

Corrective action was taken.

## Department of Health

Reference No. 04-07

### Subrecipient Monitoring

(Prior Audit Issue - 03-12, 02-11, 02-15, 02-19, 01-555-36)

#### Major Programs:

- CFDA 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children
- CFDA 93.217 - Family Planning Services
- CFDA 93.268 - Immunization Grants
- CFDA 93.917 - HIV Care Formula Grants
- CFDA 93.940 - HIV Prevention Activities-Health Department Based
- CFDA 93.994 - Maternal and Child Health Block Grant to States

#### 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 93.197 - 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 93.566 - Refugee and Entrant Assistance - State Administered Programs
- CFDA 93.576 - Refugee and Entrant Assistance - Discretionary Grants
- CFDA 93.631 - Development Disabilities Projects of National Significance
- 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 93.977 - 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 - Material Weakness Control and Material Non-Compliance

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, TDH must assure that subrecipients expending Federal funds in excess of \$300,000 have an OMB Circular A-133 Single Audit performed and provide a copy to TDH which should include any necessary management corrective actions.

Initial Year Written:	2000
Status:	Partially Implemented

U.S. Department of Housing and  
Urban Development

U.S. Department of Agriculture

U.S. Department of Health and  
Human Services

TDH passes through a significant amount of Federal funds to subrecipients.

During fiscal year 2003 there were approximately 500 subrecipients that received Federal funds from TDH; 83 were assessed as high-risk subrecipients, and received \$121 million, and 176 were assessed as moderate risk and received \$52 million. In fiscal year 2003 TDH conducted financial monitoring for 33 subrecipients. Of the 33 monitored, 14 were high-risk subrecipients, 15 moderate risk subrecipients and 4 low risk subrecipients. The following were noted regarding subrecipient financial monitoring:

- We selected a sample of 30 subrecipients that were granted Family Planning funds during fiscal year 2003. TDH monitored three (two were assessed by TDH as high risk) of the 30 subrecipients selected for review. The Family Planning funding for the 30 subrecipients selected ranges from \$33,000 to \$1,315,000.

- We selected a sample of 30 subrecipients that were granted Immunization funds during fiscal year 2003. TDH monitored four (two were assessed by TDH as high risk) of the 30 subrecipients selected for testwork. Fifteen of the 30 selected were assessed as high-risk subrecipients. The funding for the 30 subrecipients selected ranges from \$4,000 to \$1,100,000.
- We selected a sample of 10 subrecipients that were granted HIV Care funds during fiscal year 2003. TDH monitored two of the 10 subrecipients selected. Seven of the eight subrecipients not monitored were assessed as high-risk subrecipients by TDH. The HIV care funding for the 10 subrecipients selected ranges from \$441,000 to \$3,185,000.
- We selected a sample of 30 subrecipients that were granted HIV Prevention funds during fiscal year 2003. Of the 30 subrecipients selected, 17 have not been monitored in the past 3 years. The HIV prevention funding for the 30 subrecipients selected ranges from \$128,000 to \$990,000.
- We selected a sample of 30 subrecipients that were granted MCH funds during fiscal year 2003. TDH monitored four (two were assessed by TDH as high risk) of the 30 MCH subrecipients selected for testwork. Eleven of the 30 selected were assessed as high-risk subrecipients. The MCH funding for the 30 subrecipients selected ranges from \$38,000 to \$773,000.

TDH program monitoring policy states that subrecipients will be monitored for programmatic compliance at least once every three years. A sample of 30 subrecipients was selected for compliance with program monitoring for the MCH program. It was noted that 1 of the 30 did not have a program monitoring visit since 1999.

In addition, for all the subrecipients selected the OMB Circular A-133 audit reports were requested. TDH is only requesting OMB Circular A-133 audit reports from subrecipients that expended more than \$300,000 of Federal funds provided by TDH. TDH is not tracking subrecipients that expended more than \$300,000 in Federal funds from all sources of funding. There were two subrecipients in our sample that expended more than \$300,000 in Federal funds from which TDH should have received an OMB Circular A-133 audit report but which they did not.

Lastly, on an annual basis, TDH renews contracts with subrecipients and closes out the old contracts. According to TDH policy regarding contract closeouts, contracts should be closed out by January of each year for the preceding year. It was noted that as of October 2003 contracts related to fiscal year 2002 were not closed out.

Total payments to subrecipients charged to the major and non-major programs for fiscal year 2003 were:

<b>Federal Program</b>	<b>Amount Charged to the Federal Program</b>
CFDA 10.572	\$ 233,677
CFDA 14.241	2,226,221
CFDA 93.110	11,354
CFDA 93.116	3,330,406
CFDA 93.118	110,818
CFDA 93.197	262,655
CFDA 93.215	98,012
CFDA 93.217	10,163,955
CFDA 93.234	26,682
CFDA 93.235	4,011,806
CFDA 93.259	256,020
CFDA 93.268	6,309,294
CFDA 93.566	986,265
CFDA 93.576	138,502
CFDA 93.631	26,979
CFDA 93.917	16,601,348
CFDA 93.919	3,338,148

<u>Federal Program</u>	<u>Amount Charged to the Federal Program</u>
CFDA 93.940	9,200,477
CFDA 93.941	197,928
CFDA 93.944	740,759
CFDA 93.977	3,399,782
CFDA 93.978	197,629
CFDA 93.988	195,475
CFDA 93.991	1,913,237
CFDA 93.994	7,379,399
Total	\$ 71,356,828

Corrective Action:

This finding was reissued as current year reference number: 05-19 and 05-20.

Reference No. 04-08

**Allowable Costs/Cost Principles**Major Programs:

CFDA 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children  
 CFDA 93.217 - Family Planning Services  
 CFDA 93.268 - Immunization Grants  
 CFDA 93.917 - HIV Care Formula Grants  
 CFDA 93.940 - HIV Prevention Activities-Health Department Based  
 CFDA 93.994 - Maternal and Child Health Block Grant to States  
 Medicaid Cluster

Non-Major Programs:

CFDA 10.475 - Intrastate Meat and Poultry Program  
 CFDA 10.572 - WIC Farmers' Market Nutrition Program

CFDA 66.001 - Air Pollution Control Program Support  
 CFDA 66.032 - State Indoor Radon Grant  
 CFDA 66.701 - Toxic Substances Compliance Monitoring Cooperative Agreements  
 CFDA 66.707 - TSCA Title IV State Lead Grants  
 CFDA 81.106 - Transport of Transuranic Wastes  
 CFDA 81.119 - State Energy Program Special Projects  
 CFDA 83.552 - Emergency Management Performance Grants  
 CFDA 93.003 - Public Health and Social Services Emergency Fund  
 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 93.184 - Disabilities Prevention  
 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 93.262 - Occupational Safety and Health Research Grants  
 CFDA 93.566 - Refugee and Entrant Assistance - State Administered Programs

- CFDA 93.576 - Refugee and Entrant Assistance - Discretionary Grants
- CFDA 93.631 - Development Disabilities Projects of National Significance
- 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 93.944 - HIV/AIDS Surveillance
- 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 - Material Weakness Control and Material Non-Compliance**

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) Are prepared at least monthly and coincide with the pay period,
  - 4) Are 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. 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.

Initial Year Written:	2003
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	
Social Security Administration	
U.S. Department of Transportation	

From September 1 to November 30, 2002, the Texas Department of Health's (TDH) legacy payroll system did include the certification of time for individuals who worked solely on one federal award. Also time sheets were completed for employees who worked on multiple awards. Our audit procedures for this time period included a review of 15 employees selected from the major programs noted above. For each item selected, we were able to see respective monthly certifications or timesheets which met the requirements noted above.

In addition, for the period from September 1, 2002 to November 30, 2002, TDH's grant management department was responsible for manually comparing the allocation of time from the payroll system, which was based on budget, to a summary of the time sheets. Their procedures included adjusting the grants on a quarterly basis. The results of our audit procedures follow:

<b>Major Program</b>	<b>Program Year</b>	<b>Over (under) Expenses</b>	<b>Frequency of Adjustment</b>	<b>Within 10% Tolerance</b>
CFDA 10.557	2002	\$ 15	Two	Yes
CFDA 10.557	2003	45,272	One	Yes
CFDA 93.217	2002	2,695	One	Yes
CFDA 93.217	2003	—	One	No, 11%
CFDA 93.268	2002	—	Two	No, 10%
CFDA 93.268	2003	3,410	One	Yes
CFDA 93.917	2002	(16,154)	One	Yes
CFDA 93.917	2003	23,056	None	Yes
CFDA 93.940*	2002	(47,633)	One	Yes
CFDA 93.940	2003	(192,510)	None	No, 14%
CFDA 93.994	2002, 2003	**	None	Unknown
Medicaid Cluster	2003	919,587	None	Unknown
		<u>\$ 737,738</u>		

\* The correct amount was adjusted. However the approximate \$(48,000) adjustment was posted to CFDA 93.977 instead of CFDA 93.940.

\*\* Comparison of estimated expenses to actual charges was not prepared for the 2003 grant year.

Effective December 1, 2002, the TDH implemented a new payroll system. Under the new system, employees whose salaries are charged to multiple activities had profiles programmed into the system based on the amount of time spent on each activity during fiscal year 2002. As of December 1, 2002, timesheets are only being completed by employees when they take sick leave or vacation time. Therefore, all salary and benefit expenses charged to the grants are based on estimated time to be incurred.

Also under the new payroll system, the payroll department did send payroll registers to the program directors for certification; however, (1) the payroll register showed employees time as charged 100% to the grants when it should have been allocated among multiple activities, and (2) employees were not signing the certifications when multiple activities were involved. In September 2003 the payroll register began showing the employees' time being allocated among multiple activities.

Total salary and benefit costs charged to the major and non-major programs for fiscal year 2003 for the period December 1, 2002 to August 31, 2003 were:

<b>Federal Program</b>	<b>Amount Charged to the Federal Program-Multiple Awards</b>	<b>Amount Charged to the Federal Program-Single Award</b>	<b>Total</b>
CFDA 10.475	\$ 707,676	2,720,272	3,427,948
CFDA 10.557	2,747,834	7,487,462	10,235,296
CFDA 10.572	222	—	222
CFDA 66.001	142,593	66,896	209,489
CFDA 66.032	21,582	—	21,582
CFDA 66.701	65,794	14,271	80,065
CFDA 66.707	38,894	99,934	138,828
CFDA 81.106	65,742	47,025	112,767
CFDA 81.119	45,607	33,033	78,640
CFDA 83.552	18,244	145,195	163,439

<u>Federal Program</u>	<u>Amount Charged to the Federal Program- Multiple Awards</u>	<u>Amount Charged to the Federal Program- Single Award</u>	<u>Total</u>
CFDA 93.003	—	107,382	107,382
CFDA 93.043	1,407	—	1,407
CFDA 93.103	14,337	—	14,337
CFDA 93.110	58,827	503,996	562,823
CFDA 93.116	139,104	1,196,463	1,335,567
CFDA 93.118	—	80,413	80,413
CFDA 93.127	50	61,487	61,537
CFDA 93.130	7,553	177,970	185,523
CFDA 93.136	19,572	79,362	98,934
CFDA 93.161	21,187	283,354	304,541
CFDA 93.184	3,780	—	3,780
CFDA 93.197	31,989	153,195	185,184
CFDA 93.215	19,318	32,608	51,926
CFDA 93.217	200,095	148,815	348,910
CFDA 93.234	22,269	55,012	77,281
CFDA 93.235	74,158	148,210	222,368
CFDA 93.262	194,889	108,564	303,453
CFDA 93.268	554,233	2,016,428	2,570,661
CFDA 93.566	3,129	—	3,129
CFDA 93.576	51,150	36,969	88,119
CFDA 93.631	770	—	770
CFDA 93.667	550,818	110,959	661,777
CFDA 93.855	2,265	—	2,265
CFDA 93.917	56,421	1,007,701	1,064,122
CFDA 93.919	22,125	48,885	71,010
CFDA 93.940	173,518	837,954	1,011,472
CFDA 93.944	38,201	543,080	581,281
CFDA 93.977	259,881	512,490	772,371
CFDA 93.978	4,265	13,757	18,022
CFDA 93.988	146,616	130,324	276,940
CFDA 93.991	161,304	1,424,066	1,585,370
CFDA 93.994	1,537,430	3,386,193	4,923,623
CFDA 96.007	26,960	275,929	302,889
Highway Safety Cluster	30,251	317,559	347,810
Medicaid Cluster	2,471,944	5,284,560	7,756,504
Total	\$ 10,754,004	29,697,773	40,451,777

Corrective Action:

Corrective action was taken.

Reference No. 04-09

**Allowable Costs/Cost Principles****CFDA 93.917 - HIV Care Formula Grants****Type of finding - Non-Compliance**

The Texas Department of Health (TDH) is awarded Federal funds to establish a program to provide therapeutics to treat HIV disease or prevent the serious deterioration of health arising from HIV disease. The awarding agency provides TDH with a list of approved medications that can be charged to the grant.

Initial Year Written:	2003
Status:	Implemented

U.S. Department of Health and Human Services	
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Our audit procedures included a review of 30 expenditures charged to the grant. Two medications charged to the grant for \$1,329 were not on the list of approved medications. The related invoices appeared to be reviewed as noted by notations. It appears that the medications in question were overlooked. The total amount of drug charges to the program for fiscal year 2003 were approximately \$58,555,000.

Corrective Action:

Corrective action was taken.

Reference No. 04-10

**Earmarking**

(Prior Audit Issue - 03-22, 02-16)

**CFDA 93.917 - HIV Care Formula Grants****Type of finding - Material Weakness Control and Scope Limitation**

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. This information is provided to the State by the Health Resources and Services Administration in the annual application guidance.

Initial Year Written:	2001
Status:	Partially Implemented

U.S. Department of Health and Human Services	
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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:

This finding was reissued as current year reference number: 05-07.

Reference No. 04-11

**Cash Management**

(Prior Audit Issue - 03-20)

**Major Programs:**

CFDA 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children  
CFDA 93.217 - Family Planning Services  
CFDA 93.268 - Immunization Grants  
CFDA 93.917 - HIV Care Formula Grants  
CFDA 93.940 - HIV Prevention Activities-Health Department Based  
CFDA 93.994 - Maternal and Child Health Services Block Grant to States  
Medicaid Cluster

**Non-Major Programs:**

CFDA 10.475 - Intrastate Meat and Poultry Program  
CFDA 10.572 - WIC Farmers' Market Nutrition Program  
CFDA 11.419 - Coastal Zone Management Administration Awards  
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 66.605 - Performance Partnership Grants  
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 93.003 - Public Health and Social Services Emergency Fund  
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 93.184 - Disabilities Prevention  
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 93.631 - Development Disabilities Projects of National Significance  
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 93.977 - 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 - Material Weakness Control and Material Non-Compliance**

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. Per 31 CFR, Chapter II, Part 205, Section 12 (b), “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. 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. TDH does not have an accounting or information system that provides the necessary information for matching disbursements with specific drawdowns.

Initial Year Written:	2002
Status:	Partially Implemented
U.S. Department of Agriculture	
U.S. Department of Commerce	
U.S. Department of Housing and Urban Development	
U.S. Environmental Protection Agency	
U.S. Department of Energy	
U.S. Federal Emergency Management Administration	
U.S. Department of Health and Human Services	
Social Security Administration	
U.S. Department of Transportation	

Total Federal revenue for the major and non-major programs for fiscal year 2003 was:

<u>Federal Program</u>	<u>Federal Revenue by Program</u>
CFDA 10.475	\$ 4,069,271
CFDA 10.557	410,377,840
CFDA 10.572	1,459,651
CFDA 11.419	29,694
CFDA 14.241	2,226,220
CFDA 66.001	218,705
CFDA 66.032	4,001
CFDA 66.605	58,609
CFDA 66.606	2,387
CFDA 66.701	75,878
CFDA 66.707	240,188
CFDA 66.930	11,737
CFDA 81.106	174,903
CFDA 81.119	271,943
CFDA 83.548	103,054
CFDA 83.552	213,120
CFDA 93.003	7,892,043
CFDA 93.043	101,079
CFDA 93.103	59,183
CFDA 93.110	891,431
CFDA 93.116	5,688,798
CFDA 93.118	329,454
CFDA 93.127	78,426
CFDA 93.130	266,123
CFDA 93.136	3,519,855
CFDA 93.161	437,180
CFDA 93.184	30,455
CFDA 93.197	580,453
CFDA 93.215	243,772

<u>Federal Program</u>	<u>Federal Revenue by Program</u>
CFDA 93.217	13,757,632
CFDA 93.234	132,946
CFDA 93.235	4,598,306
CFDA 93.259	256,020
CFDA 93.262	387,993
CFDA 93.268	130,733,573
CFDA 93.558	22,345,994
CFDA 93.566	1,050,199
CFDA 93.576	323,364
CFDA 93.631	30,969
CFDA 93.667	10,991,846
CFDA 93.855	9,947
CFDA 93.917	70,555,321
CFDA 93.919	6,352,120
CFDA 93.940	12,908,454
CFDA 93.941	406,090
CFDA 93.944	2,464,352
CFDA 93.945	186,354
CFDA 93.947	7,681
CFDA 93.977	5,678,695
CFDA 93.978	236,265
CFDA 93.988	641,809
CFDA 93.991	5,402,530
CFDA 93.994	27,173,792
CFDA 96.007	662,548
Highway Safety Cluster	1,518,503
Medicaid Cluster	389,018,031
Total	\$ <u><u>1,147,486,787</u></u>

Corrective Action:

This finding was reissued as current year reference number: 05-15.

Reference No. 04-12

**Special Tests and Provisions - Food Instrument Disposition****CFDA 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children****Type of finding - Reportable Condition Control and Material Non-Compliance**

In accordance with 7 CFR section 246.12(q), the state agency must account for the disposition of all food instruments as either issued or voided, and as either redeemed or unredeemed. Redeemed food instruments must be identified as validly issued, lost, stolen, expired, duplicate, or not matching valid enrollment and issuance records. This process must be performed within 150 days of the first valid date for participant use of the food instruments.

Initial Year Written:	2003
Status:	Implemented
U.S. Department of Agriculture	

As of June 2003, the Texas Department of Health (TDH) should have reconciled food instruments with the related issuance records through January 2003. However, during review of the reconciliations it was noted that TDH's reconciliations were through July 2002. As of October 2003, TDH had completed the reconciliations and was in compliance with the requirement.

Corrective Action:

Corrective action was taken.

Reference No. 04-14

**Allowable Costs/Cost Principles****CFDA 93.940 - HIV Prevention Activities-Health Department Based****Type of finding - Reportable Condition Control and Non-Compliance**

The grant agreement between the Centers for Disease Control 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, alternations, renovations, or other capital improvement. Equipment purchases and contractual services are allowed only if justified and approved in advance.

Initial Year Written:	2003
Status:	Partially Implemented
U.S. Department of Health and Human Services	

Additionally, the approved application includes a budget for grant expenditures, which specifies \$9,800 to be expended for the purchase of equipment for fiscal year 2002 and fiscal year 2003 grants combined.

TDH expended \$28,000 for capital expenditures and \$208,000 for leasehold improvements. TDH could not provide approval for capital expenditures and leasehold improvement expenditures.

Corrective Action:

Finding was reissued as current year reference number: 05-09.

Reference No. 04-15

**Special Tests and Provisions - Monitoring For-Profit Subrecipients**

(Prior Audit Issue - 03-19)

**CFDA 93.268 - Immunization Grants**

**Type of finding - Non-Compliance**

The grant agreement between the Texas Department of Health (TDH) and the Centers for Disease Control requires that TDH obtain Vaccine Usage Reports (VUR) from the providers, as TDH is required to report vaccine usage to the Federal government. Our audit procedures included a review of two of the monthly Vaccine Usage Reports for a sample of 30 for-profit subrecipients. For one of the providers, TDH could not locate the report for one of the months selected.

Initial Year Written:	2002
Status:	Implemented

U.S. Department of Health and Human Services
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Corrective Action:

Corrective action was taken.

Reference No. 04-27

**Subrecipient Monitoring**

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

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

Payments to subrecipients totaled \$21.6 million (or 59 percent) of the \$36.3 million in expenditures for CFDA 93.283 in fiscal year 2003 at the Texas Department of Health (TDH). Within this CFDA, our audit work focused on the Bioterrorism program, which represented 84 percent of expenditures by TDH for CFDA 93.283. Despite the large share of dollars awarded to subrecipients, TDH's monitoring of those expenditures was inadequate because it did not perform sufficient financial and program monitoring site visits at Bioterrorism program subrecipients during fiscal year 2003. As a result, TDH could not ensure that subrecipients administered awards in compliance with Federal laws, regulations, and grant requirements. In addition, subrecipient reporting was inadequate for TDH to accurately assess progress on the Bioterrorism program's performance goals. Furthermore, because TDH is not requiring audit reports from all appropriate program subrecipients, it may be unaware of important deficiencies that may exist at subrecipients. Additionally, TDH does not have adequate controls to ensure that subrecipients correct deficiencies identified through audits in a timely manner to prevent further performance and accountability issues.

Initial Year Written:	2003
Status:	Partially Implemented

U.S. Department of Health and Human Services
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Financial and Program Monitoring

After TDH awards Federal funds to a subrecipient, it is responsible for monitoring the subrecipient's use of Federal awards through site visits or other means to provide reasonable assurance that (1) the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and (2) performance goals are achieved. While TDH reviewed progress reports that Bioterrorism program subrecipients submitted during fiscal year 2003 and engaged in numerous contacts with subrecipients, those activities alone did not provide adequate assurance of subrecipients' compliance with Federal laws, regulations, and grant requirements.

During fiscal year 2003, TDH's Contract Policy and Monitoring Division (CPMD) was responsible for conducting financial monitoring site visits to ensure that subrecipients' expenditures were allowable and made in compliance with Federal and state requirements. During that time, however, CPMD conducted financial monitoring site visits at only five of the 59 local health departments that had Bioterrorism program contracts. Financial monitoring site visits are particularly important because TDH's subrecipient reimbursement process does not include a review of subrecipients' supporting documentation (such as receipts). TDH reviews vouchers and quarterly Financial Status Reports that subrecipients submit, but those documents provide only summary level information regarding the nature of subrecipients' expenditures. In general, TDH relies on CPMD's financial monitoring site visits to verify that it reimburses subrecipients for only allowable expenditures. TDH sometimes performs desk audits if "red flags" are identified; however, in fiscal year 2003, TDH did not perform any desk audits for subrecipients that received Bioterrorism funding.

TDH Bioterrorism program staff are responsible for monitoring subrecipients to provide reasonable assurance that subrecipients comply with Federal requirements and achieve performance goals. However, Bioterrorism program staff conducted only two program monitoring site visits at the 59 local health departments that had Bioterrorism program contracts in fiscal year 2003; program staff conducted five program monitoring site visits in 2002. All seven of those site visits were to local health department laboratories. Staff did not perform any site visits in fiscal year 2001. TDH's fiscal year 2003 Bioterrorism program awards to local health department subrecipients ranged from less than \$10,000 to \$2.8 million.

Although Bioterrorism program staff received and reviewed progress reports for Bioterrorism program subrecipients during fiscal year 2003, the reporting mechanisms in place were not adequate for them to monitor subrecipient compliance and performance. Specifically, in fiscal year 2003, progress reports that local health departments submitted did not consistently provide adequate information to enable Bioterrorism program staff to assess progress on goals or compliance with contract terms. In some cases, TDH did not require subrecipients to submit progress reports. In addition, one large local health department's end-of-year progress report did not report on all planned activities and deliverables identified in the contract.

#### Obtaining and Following Up on OMB Circular A-133 Audit Reports

OMB Circular A-133 requires TDH to (1) ensure that a subrecipient that spends \$300,000 or more in federal funds during the subrecipient's fiscal year submits an OMB Circular A-133 audit report and (2) issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensures that the subrecipient takes appropriate and timely corrective action. However, in fiscal year 2003, TDH's procedure for identifying subrecipients that were required to submit OMB Circular A-133 audit reports erroneously took into account only the amount of funding that subrecipients received from TDH; it did not consider the amount of funding the subrecipients received from any Federal source. In addition, during that time, TDH did not monitor and follow up on deficiencies identified in OMB Circular A-133 audit reports that Bioterrorism program subrecipients submitted. Specifically, two subrecipients that received Bioterrorism program funding in fiscal year 2002 submitted OMB Circular A-133 audit reports that contained findings related to TDH. These subrecipients submitted their OMB Circular A-133 audit reports in June 2003 and July 2003; however, as of January 2004, TDH had not yet followed up on those findings.

#### Corrective Action:

This finding was reissued as current year reference number: 05-19 and 05-20.

Reference No. 04-06

**Allowable Costs/Cost Principles**

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

**Type of finding - Material Weakness Control**

Payroll expenditures represented 26 percent of total fiscal year 2003 expenditures for CFDA 93.283 at the Texas Department of Health (TDH). Our audit work focused on payroll within the Bioterrorism program, as this program represented 84 percent of TDH's total expenditures under this CFDA in fiscal year 2003. We did not identify any unallowable payroll expenditures associated with the Bioterrorism program. TDH used a monthly payroll certification process to help ensure that employees charged their time appropriately to the Bioterrorism program in fiscal year 2003. Furthermore, the majority of the employees in the sample we tested spent 100 percent of their time on the Bioterrorism program. However, we found the following exceptions.

Initial Year Written:	2003
Status:	Implemented
U.S. Department of Health and Human Services	

- Two employees stated that they sometimes worked on projects other than the Bioterrorism grant-funded activities although their primary responsibilities and most of their work hours related to Bioterrorism. These deviations were not reflected in payroll certification documents.
- In addition, for one of the Bioterrorism-related divisions we reviewed, the signer of the payroll affidavits was not properly authorized to certify payroll during the first four months of fiscal year 2003. This occurred because TDH lacks a process for reviewing signature authorization forms to ensure that an authorized individual properly completes them.

Without adequate controls to ensure that all grant-funded employee hours are charged properly and that payroll certifications are properly authorized, TDH may not have sufficient and accurate information to support the payroll expenditures it charges to the Bioterrorism program.

Corrective Action:

Corrective action was taken.

Reference No. 04-61

**Reporting**

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

**Type of finding - Reportable Condition Control**

The Bioterrorism program represented 84 percent of the Texas Department of Health's (TDH) expenditures under CFDA 93.283 in fiscal year 2003. TDH was not able to support all accomplishments it reported in the Bioterrorism program end-of-year progress report it submitted to the U.S. Centers for Disease Control and Prevention (CDC). Specifically, we could not fully verify the status of 10 of 40 activities that TDH reported to CDC as having been completed.

Initial Year Written:	2003
Status:	Implemented
U.S. Department of Health and Human Services	

Federal grant recipients are required to submit performance reports at least annually, but not more frequently than quarterly. For each award, performance reports generally contain a comparison of actual accomplishments with the goals and objectives established for the period; reasons the established goals were not met, if appropriate; and other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs. We tested activities reported as complete for Focus Areas A (Preparedness Planning and Readiness Assessment), B (Surveillance and Epidemiology Capacity), C (Laboratory Capacity-Biologic Agents), E (Health Alert Network/Communication and Information Technology), F (Risk Communication and Health Information Dissemination), and G (Education and Training) in the Bioterrorism program end-of-year progress report that TDH submitted to CDC in October 2003.

TDH could not supply adequate evidence to support completion of all activities it reported as completed. Of the 40 items TDH reported it had completed, we found that 30 were completed, 9 were partially completed, and 1 was not complete. For example, TDH reported that its surveillance pilots and the installation of CDC's NEDSS Based System (NBS) for disease surveillance were completed. However, our testing indicated that, while surveillance pilots were underway, TDH had not yet installed NBS and, therefore, TDH was not using NBS with the surveillance pilots. Similarly, while TDH reported to CDC that "all appropriate labs" had applied for Select Agent Rule certification, our testing indicated that 8 of the 10 regional labs had applied for this certification and that 2 were still in the process of applying. Select Agency Rule certification is important because it authorizes laboratory researchers to work with biological agents and toxins that have the potential to pose a severe threat to public health and safety.

Inadequate quality assurance processes within TDH led to the errors in its end-of-year progress report. Specifically, although management reviewed the report before it was submitted to CDC, management did not review the support for statements the report made to ensure consistency in the quality of those statements. Turnover among key staff and a lack of clear instructions regarding how the report should be compiled may also have contributed to staff's inability to provide support for all statements in the report.

Corrective Action:

Corrective action was taken.

Reference No. 04-13

**Cash Management**

**CFDA 93.283 - Center for Disease Control and Prevention-Investigations and Technical Assistance**  
**Type of finding - Material Weakness Control**

The Bioterrorism program at the Texas Department of Health (TDH) represented 84 percent of CFDA 93.283 funds received in fiscal year 2003; therefore, the Bioterrorism program was the focus of our audit work regarding cash management for CFDA 93.283.

Initial Year Written: 2003  
 Status: Partially Implemented

U.S. Department of Health and  
 Human Services

The Cash Management Improvement Act of 1990 requires state recipients to enter into Treasury-State agreements that prescribe specific methods of drawing down Federal funds (funding techniques) for selected large programs. The Bioterrorism program is not covered by a Treasury-State agreement but is subject to procedures prescribed by Treasury in Subpart B of 31 Code of Federal Regulations (CFR), Part 205, Section 33. In fiscal year 2003, TDH did not comply with those cash management regulations. Specifically, TDH routinely rounded up cash amounts that it drew down from the Federal government. This led TDH to draw down amounts of Federal funds that exceeded the determined cash needs for the Bioterrorism program. For example, in January 2003, TDH processed a draw down request for \$500,000 for the Bioterrorism program; however, that amount exceeded the Bioterrorism program's identified cash needs by \$20,633.79. In addition, TDH had no assurance that it complied with the requirement to minimize the time between draw down requests and disbursement. It did not have controls in place to measure and minimize this time. TDH also lacked formal, approved policies and procedures for its cash management process.

The CFR requires that a Federal program agency must limit funds transferred to a state to the minimum amounts that state needs. It also requires that disbursement of funds must be made in accordance with the actual, immediate cash requirements of a state in carrying out a Federal assistance program or project. Federal requirements also specify that a state must minimize the time between draw down requests and the disbursement of funds for Federal program purposes. The timing and amount of fund transfers must be as close as is administratively feasible to a state's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs.

Corrective Action:

This finding was reissued as current year reference number: 05-15.

**Health and Human Services Commission**

Reference No. 03-30

**Allowable Costs/Cost Principles**

**Medicaid Cluster**

**Type of finding - Non-Compliance**

The Texas State Auditor’s Office (SAO) released SAO Report No. 03-016 on January 31, 2003. The objective of the audit was to determine the validity of charges that National Heritage Insurance Company (NHIC) charged to the Health and Human Services Commission (HHSC) during fiscal year 2001 to administer Medicaid claims. Based on the test results, the audit report projects the total refund to be \$15,842,385. The State Auditor’s Office calculated the total refund amount as follows:

Initial Year Written:	2002
Status:	Implemented
U.S. Department of Health and Human Services	

- \$13,464,734 for unallowable expenditures - These expenses did not comply with the NHIC contract terms.
- \$1,512,991 in unallowable employee payroll, bonus, and overtime costs - NHIC inappropriately charged HHSC for payroll and bonuses associated with the development of Compass 21 (a new Medicaid claims processing system that NHIC created for HHSC).
- \$821,118 in unallowable depreciation costs - NHIC inappropriately accelerated the depreciation of assets, and also they charged HHSC for depreciation on assets used to develop Compass 21.
- \$42,542 in unallowable insurance license costs - NHIC did not properly allocate the costs of its insurance license among all of the contracts it administers that require the licenses.

Management Response and Corrective Action Plan:

Corrective action was taken.

Reference No. 04-05

**Special Tests and Provisions - Managed Care**

(Prior Audit Issue - 03-26 and 02-13)

**Medicaid Cluster**

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

One element of the Managed Care waiver requires that the State have a system in place to ensure beneficiaries have adequate access to health care from managed care organizations. To meet this requirement, Health and Human Services Commission (HHSC) performs quarterly reviews of enrollment, ratio of providers to members, capacity assessments, etc. In addition, the waiver specifically states HHSC will contract with an external quality review organization (EQRO) to perform various procedures and studies to assist HHSC in monitoring beneficiaries’ access to healthcare. These federally-agreed upon procedures which included spot-checks and desk reviews of Managed Care Health Maintenance Organizations/Primary Care Providers were not performed by the EQRO. Effective March 1, 2003, HHSC contracted with a new EQRO. The new EQRO did not perform the spot-checks but did visit each Medicaid health maintenance organization (HMO) and complete the CMP Protocol “Determining MCP/PIHP Compliance with Federal Medicaid Managed Care Regulations”.

Initial Year Written:	2001
Status:	Implemented
U.S. Department of Health and Human Services	

Corrective Action:

Corrective action was taken.

## Department of Housing and Community Affairs

Reference No. 04-16

### Reporting

#### CFDA 14.239 - HOME Investment Partnerships Program

##### Type of finding - Material Non-Compliance

Eligible matching contributions of 25% of all funds drawn are required to be provided by the end of the fiscal year. In addition, the Department of Housing and Community Affairs (DHCA) is required to report the match annually on the *HOME Match Report*, Form HUD-40107-A. The regulations stated in 24 CFR 92.221, state that a cash contribution is credited on a fiscal year basis at the time the funds are expended.

Initial Year Written: 2003  
Status: Implemented

U.S. Department of Housing  
and Urban Development

Our audit procedures included a review of 14 State Energy Conservation Office (SECO) and 16 subrecipient matching expenditures. In this sample, we noted that each of the selected items were properly included in line 2, Match contributed during current Federal fiscal year, of the fiscal year 2002 HOME Match Report. Also the items appeared to be properly supported and allowable as eligible forms of matching. However, for two of the 14 SECO expenditures, the disbursement dates were October 2002, which would qualify the \$156,442 of expenditures for fiscal year 2003 match. Also, four of the 16 subrecipient match expenditures included fiscal year 2001 transactions totaling \$9,185. When the report was prepared, inaccurate dates were used resulting in SECO expenditures from October 2002 transactions and subrecipient amounts from 2001 transactions being included. DHCA does meet the minimum 25% matching requirement after excluding the above questioned amounts since the 2002 HOME Match Report included excess matching contributions.

#### Corrective Action:

Correction action was taken.

Reference No. 04-17

### Allowable Costs/Cost Principles

#### CFDA 14.239 - HOME Investment Partnerships Program

##### Type of finding - Non-Compliance

OMB Circular A-87 provides general guidelines for allowable costs. A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objectives in accordance with relative benefits received. For two of six non-payroll expenditure items selected for test work, the method of allocation of \$8,595 to the various Federal programs was not documented. These items were for professional fees for financial audits for the Department of Housing and Community Affairs (DHCA) which management believes benefited all programs, both Federal and non-federal. Total professional fees allocated to the program for fiscal year 2003 were approximately \$129,000.

Initial Year Written: 2003  
Status: Implemented

U.S. Department of Housing  
and Urban Development

#### Corrective Action:

Corrective action was taken.

Reference No. 04-18

**Reporting**

**CFDA 14.871 - Section 8 Housing Choice Vouchers**

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

The Department of Housing and Community Affairs (DHCA) is required to submit HUD-50058 - Family Report (OMB No. 2577-0083) electronically to U.S. Department of Housing and Urban Development each time DHCA completes an admission, annual reexamination, interim reexamination, portability move-in, or other change of unit for a family. DHCA must also submit the Family Report when a family ends participation in the program or moves out of DHCA's jurisdiction under portability (24 CFR part 908 and 24 CFR section 982.158).

Initial Year Written:	2003
Status:	Implemented

U.S. Department of Housing and Urban Development	
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In our sample of 30 recipient files, the following 13 discrepancies were noted in 11 of the 30 family reports. It appears the majority of the information was entered into the database in prior years and is being carried forward as the family is reexamined for eligibility.

- The social security number (line 3n) for the head of the household of one report did not agree to the social security card on file.
- The social security numbers (line 3n) for a dependent on three different reports did not agree to the social security cards on file.
- The social security number (line 3n) for a dependent for one report did not agree to the TANF benefits history which was obtained in lieu of a social security card.
- The date of birth (line 3e) for a child on three different reports did not agree to the personal declaration form completed by the head of the household.
- The name of the child (lines 3b and 3c) on two reports was spelled differently than the supporting documentation.
- The unit address (line 5a) for two reports did not agree to supporting documentation.
- The inspection date (line 5h and 5i) did not agree to the inspection form for one report.

In addition, the U.S. Department of Housing and Urban Development (HUD) issued a Rental Integrity Monitoring Review dated August 28, 2003 with five deficiencies sited with regard to the family reports. HUD noted the following:

- Eleven of 35 files lacked adequate third party verification of assets, public assistance, social security, and child support income.
- Twenty-seven of 35 files did not record the correct amount of payment on line 12j.
- Three of the 35 files failed to record or exclude food stamp income.
- Two of the 35 files failed to verify immigration eligibility.
- DHCA is maintaining the criminal background check documentation in the files.

Corrective Action:

Corrective action was taken.

Reference No. 04-19

**Reporting****CFDA 14.871 - Section 8 Housing Choice Vouchers****Type of finding - Non-Compliance**

The U.S. Department of Housing and Urban Development's (HUD) Section 8 Management Report dated September 19, 2000 noted the Department of Housing and Community Affairs (DHCA) had not implemented a family self-sufficiency (FSS) program. DHCA is required to provide a FSS program or apply for a waiver from HUD. Correspondence from HUD dated June 26, 2003, indicated that DHCA received a waiver for all areas outside of Houston, Texas. The correspondence also indicated that DHCA should submit a FSS action plan for the Houston area for HUD approval within 30 days. As of November 2003, DHCA has not submitted the required action plan. Additionally, lines 2k and 17a, Family's participating in the Family Self-Sufficiency Program, and line 17k(2), FSS account, were not completed on the HUD-50058 - Family Report (OMB No. 2577-0083) for the families in the Houston area since the program was not implemented during fiscal year 2003.

Initial Year Written:	2003
Status:	Implemented

U.S. Department of Housing  
and Urban Development

Corrective Action:

Corrective action was taken.

Reference No. 04-20

**Eligibility**

(Prior Audit Issue - 03-16)

**CFDA 14.871 - Section 8 Housing Choice Vouchers****Type of finding - Non-Compliance**

24 CFR section 5.508 requires each family member to provide evidence to the Department of Housing and Community Affairs (DHCA) of at least a signed declaration of their U.S. citizenship or U.S. nationality. DHCA may request additional documentation. DHCA's policy is that additional documentation, such as U.S. passport, be provided. For one of 30 tenants selected for test work, documentation was not available to determine if the tenant met the requirements of citizenship or eligible immigration status. The tenant noted, was admitted to the program on February 1, 2000 without the proper citizenship documentation. During the renewal process in 2003, DHCA noted in the tenant's file that the required citizenship information was not provided and requested the information from the tenant. However, the documentation was not obtained and benefits of \$1,262 were paid during the 2003 fiscal year. Total benefits paid for fiscal year 2003 were approximately \$9,495,000.

Initial Year Written:	2002
Status:	Implemented

U.S. Department of Housing  
and Urban Development

Corrective Action:

Corrective action was taken.

Reference No. 04-21

**Special Tests and Provisions - Reasonable Rent**

**CFDA 14.871 - Section 8 Housing Choice Vouchers**

**Type of finding - Non-Compliance**

24 CFR 982.507 requires the Department of Housing and Community Affairs (DHCA) 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 DHCA with rent information for other comparable units. DHCA's policy is for local operators to complete a standard rent reasonableness determination worksheet including rents for unassisted comparable units. For one of 30 tenants selected for test work, documentation of the comparable rents for the unit was not available. Section 8 Housing Choice Voucher payments made on behalf of the noted tenant totaled \$1,870. Total benefits paid for fiscal year 2003 were approximately \$9,495,000.

Initial Year Written: 2003  
Status: Partially Implemented

U.S. Department of Housing  
and Urban Development

Corrective Action:

This finding was reissued as current year reference number: 05-68.

Reference No. 04-22

**Special Tests and Provisions - Housing Quality Standards Inspections**

(Prior Audit Issue - 03-18)

**CFDA 14.871 - Section 8 Housing Choice Vouchers**

**Type of finding - Non-Compliance**

24 CFR sections 982.159(d) and 982.405(b) require the inspection and reinspection of a unit leased to a family at least annually to determine if the unit meets housing quality standards. A unit inspection report must be prepared as a result of the inspection process. The Department of Housing and Community Affairs (DHCA) utilizes the Form HUD-52580-A, *Inspection Form for the Housing Choice Voucher Program*. In order to properly perform an inspection or reinspection, each area of the form should be completed and the reinspections should be completed within three months of the original inspection. Our review of 38 reinspections noted that three HUD-52580-A forms were not properly completed. For these three reinspections, the inspections were performed timely and the form was in the file. However, certain areas of the three reinspection forms were left blank.

Initial Year Written: 2002  
Status: Partially Implemented

U.S. Department of Housing  
and Urban Development

Corrective Action:

This finding was reissued as current year reference number: 05-72.

Reference No. 04-23

**Special Tests and Provisions - Housing Quality Standards Enforcement**

(Prior Audit Issue - 03-17)

**CFDA 14.871 - Section 8 Housing Choice Vouchers**

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

In accordance with 24 CFR sections 982.158(d) and 982.404, owners of units under housing assistance payment contracts that fail to meet housing quality standards (HQS) must be required to correct any life threatening HQS deficiencies within 24 hours after the inspection and all other HQS deficiencies within 30 calendar days or within a specified approved extension period. If the owner does not correct the cited HQS deficiencies within the specified correction period, housing assistance payments must be stopped beginning no later than the first of the month following the specified correction period or the housing assistance payment contract must be terminated. For family caused defects, if the family does not correct the cited HQS deficiencies within the specified correction period, the Department of Housing and Community Affairs (DHCA) must take prompt and vigorous action to enforce the family obligations.

Initial Year Written: 2002  
 Status: Partially Implemented  
  
 U.S. Department of Housing and Urban Development

For 14 of the 30 contracts selected for test work, the HQS inspections noted a non-life threatening deficiency and the documentation in the file showing the deficiency was corrected but not within 30-calendar days. For three additional files, there were notes in the file of an extension but no specific information as to the revised deadline. For all of the 17 deficiencies, the corrections were made before the end of the reporting period so no abatements were required.

Corrective Action:

This finding was reissued as current year reference number: 05-74.

Reference No. 04-24

**Special Tests and Provisions - Utility Allowance Schedule**

**CFDA 14.871 - Section 8 Housing Choice Vouchers**

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

In accordance with 24 CFR sections 982.517, the Texas Department of Housing and Community Affairs (DHCA) must maintain an up-to-date utility allowance schedule. DHCA must review the utility rate data for each utility category each year and must adjust its utility allowance schedule if there had been a rate change of 10% or more for a utility category or fuel type since the last time the utility allowance schedule was revised. The most recent utility allowance survey certification was noted to be July 2002 for certain areas and August 2002 for other areas. DHCA did not obtain new surveys with which to compare the utility allowance schedule. Total July and August 2003 payments made on behalf of tenants that had revised rent calculations subsequent to June 30, 2002, were \$72,587.

Initial Year Written: 2003  
 Status: Implemented  
  
 U.S. Department of Housing and Urban Development

Corrective Action:

Corrective action was taken.

Reference No. 04-25

**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 Weakness Control and Material Non-Compliance**

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.

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) allocated salaries and benefits to all their Federal grants during the fiscal year 2003 based on budget allocations. Secondly, for the major programs CFDA 14.239 and 93.568, certification of the time sheets was in compliance with OMB Circular A-87 requirements. However for the major program CFDA 14.871, certification of the time sheets was not in compliance with OMB A-87. Total amount of salaries and benefits for CFDA 14.871 was approximately \$439,842. Thirdly, DHCA's indirect cost rate is applied to a base of direct salaries and wages excluding all fringe benefits.

During November 2003, DCHA did adjust the allocated salaries, benefits, and indirect costs charged to its Federal grants for the fiscal year 2003 by comparing employee timesheets to budgeted amounts. These adjustments are included in the final Federal expenditure amounts in the accompanying schedule of Federal awards. The results are noted below:

<u>Federal Program</u>	<u>Reduction Needed in Amount Charged to the Federal Program</u>	<u>Additional Amount Charged to the Federal Program</u>
CFDA 14.231	\$ —	155,307
CFDA 14.239	—	138,112
CFDA 81.042	—	278,737
CFDA 93.568	(389,104)	—
CFDA 93.569	(183,052)	—
Total	\$ <u>(572,156)</u>	<u>572,156</u>

Corrective Action:

Corrective action was taken.

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

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:

<u>Federal Program</u>	<u>Indirect Costs Charged to the Federal Program</u>
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	\$ <u>1,422,826</u>

Initial Year Written: 2003  
 Status: Partially Implemented  
  
 U.S. Department of Housing and Urban Development  
  
 U.S. Department of Energy  
  
 U.S. Department of Health and Human Services

*Management's Response:*

*TDHCA is currently in negotiations with the U.S. Department of Housing and Urban Development (HUD). It is expected that an approved rate will be issued by March 2005.*

*Implementation Date: March 31, 2005*

*Responsible Person: David Cervantes*

**Department of Human Services**

Reference No. 02-23

**Allowable Costs/Cost Principles/Auto-Eligibility Approval by FEMA**

**CFDA 83.543 - Individual Family Grants (FEMA)**

**Type of finding - Non-Compliance**

In an effort to expedite assistance, FEMA automated the awarding process for selected individuals affected by Tropical Storm Allison. When caseworkers (both Federal and DHS employees) visit sites and perform inspections, their case files are loaded into NEMIS, FEMA's computer system. If the case file passed established threshold checks, approval was automatic and the award was transferred by DHS' computer system into the nightly batch of warrants requested from the State Treasury. For the files that were not auto approved, DHS personnel worked the files and when approval was given, they too were transferred into the nightly batch of warrant requests.

Initial Year Written:	2001
Status:	Partially Implemented
Federal Emergency Mangement Agency	

FEMA has quality control procedures in place to monitor disasters. During the performance of these procedures, FEMA discovered that over payments were made to the auto approved (i.e., no DHS involvement) eligible recipients. The recipients were eligible for grant funds but the calculation of the amount was incorrect. FEMA has established an IFG Recoupment Process which includes reviewing 3,029 auto-approved files. Per their review, FEMA noted 814 over awards or a 27% error rate due to a FEMA programming error. The estimated dollars with those 814 files is \$1,835,207. These files were considered to be high-risk by FEMA (i.e., based on the nature of the programming error). DHS estimates that about 36,715 files were auto approved and the average claim per file is \$5,014.

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 2003:

*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.*

Implementation Date: On-going

Responsible Person: Dennis McCudden

Reference No. 04-28

**Procurement and Suspension and Debarment**

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

**Food Stamps Cluster**

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

Federal regulations prohibit Federal grantees from contracting with parties that have been suspended or debarred. In addition, Federal grantees are required to maintain internal controls over compliance with the suspension and debarment process. The Department of Human Services (DHS) contract terms and conditions include an affirmation from the awarded vendor(s) that they are not suspended and debarred for contracts issued by DHS over \$25,000. For contracts procured through an existing state contract, that is, by Department of Information Resources (DIR) or Texas Building and Procurement Commission (TBPC), affirmations are not included because the contract terms and conditions are set utilizing state rules and procedures. Procurement staff are instructed to check the federal and state debarment websites for new or renewal contracts that do not have a current affirmation where the contract amount exceed \$100,000. However the staff does not document this review.

Initial Year Written:	2003
Status:	Implemented

U.S. Department of Agriculture

U.S. Department of Health and  
Human Services

Sixteen of 30 contract files selected in our sample were greater than \$100,000, and therefore subject to the suspension and debarment requirements. Eleven of the 16 contracts did not have current documentation of vendor non-debarment or non-suspension compliance. Five of the eleven were procured utilizing TBPC or DIR contracts and six contracts were issued by DHS with affirmation clauses in the original contract term, but no current documentation of non-debarment or non-suspension compliance related to the renewal contract was available.

We reviewed the Excluded Parties List System and found that none of the vendors in our sample were suspended or debarred. DHS has multiple Federal programs that use grant funds to pay vendors for goods and services. DHS was unable to determine how many contracts issued during fiscal year 2003 without the suspension and debarment clause affected Federal program expenditures.

Corrective Action:

Corrective action was taken.

Reference No. 04-29

**Allowable Costs/Cost Principles**

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

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

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.

Initial Year Written:	2003
Status:	Implemented

U.S. Department of Health and  
Human Services

Each program area at Department of Human Services (DHS) is responsible for establishing their own time keeping policies and procedures. DHS charged 100% of salaries and benefits for eight employees to CFDA 93.566. However, there is no periodic certification that these employees worked solely on that Federal program. During fiscal year 2003, approximately \$338,000 of salaries and benefits for the eight employees was charged to the program. Total salary charged to the program was approximately \$586,000.

Corrective Action:

Corrective action was taken.

**Department of Mental Health and Mental Retardation**

Reference No. 04-30

**Allowable Costs/Cost Principles**

(Prior Audit Issue - 03-29)

**Major Programs:**

**CFDA 93.958 - Block Grants for Community Mental Health Services  
Medicaid Cluster**

**Non-Major Programs:**

**CFDA 83.539 - Crisis Counseling  
CFDA 83.552 - Emergency Management Performance Grants  
CFDA 93.119 - State Indicator Grant  
CFDA 93.150 - Projects for Assistance in Transition from Homelessness  
CFDA 93.982 - Mental Health Disaster Assistance and Emergency Mental Health  
Foster Grandparent/Senior Companion Cluster**

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

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.

Initial Year Written: 2002
Status: Partially Implemented
U.S. Department of Health and Human Services
U.S. Federal Emergency Management Administration
Corporation for National and Community Service

The Department of Mental Health and Mental Retardation (DMHMR) does not currently 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 have been estimating time spent on the grant based on employees' assigned responsibilities.

Total salary and benefits costs charged to the major and non-major programs for fiscal year 2003 was:

<b>Federal Program</b>	<b>Amount Charged to the Federal Program</b>
CFDA 83.539	\$ 91,141
CFDA 83.552	61,417
CFDA 93.119	23,918
CFDA 93.150	83,945
Medicaid Cluster	245,695,499
CFDA 93.958	1,589,636
CFDA 93.982	154,385
Foster Grandparent/ Senior Companion Cluster	464,968
Total	\$ 248,164,909

Corrective Action:

This finding was reissued as current year reference number: 05-32.

Reference No. 04-31

**Special Tests and Provisions - Independent Peer Review**

(Prior Audit Issue - 03-27)

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

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

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 (DMHMR) uses to provide treatment services. Peer reviewers must be independent. Therefore, DMHMR must ensure reviewers do not review their own programs and the peer review is not part of the licensing or certification processes.

Initial Year Written: 2002
Status: Partially Implemented
U.S. Department of Health and Human Services

DMHMR does not have a process to ensure that independent peer reviews of funded treatment programs are performed. DMHMR'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:

This finding was reissued as current year reference number: 05-33.

Reference No. 04-33

**Special Tests and Provisions - Provider Eligibility and Provider Health and Safety Standards**

**Medicaid Cluster**

**Type of finding - Material Weakness Control**

In order to receive Medicaid payments, providers of medical services furnishing services must be licensed in accordance with Federal, State, and local laws and regulations to participate in the Medicaid program (42 CFR sections 431.107 and 447.10 and section 1902(a)(9) of the Social Security Act) and the providers must make certain disclosures to the State (42 CFR part 455, subpart B (sections 455.100 through 455.106)). Also, providers must meet the prescribed health and safety standards for hospital, nursing facilities, and ICF/MR (42 CFR part 442). The standards may be modified in the State plan.

Initial Year Written: 2003  
Status: Implemented

U.S. Department of Health and  
Human Services

The Department of Mental Health and Mental Retardation (DMHMR) has developed a checklist as the control for determining both provider eligibility and provider safety. Our audit procedures included a sample of twenty new providers. In this sample we found that two checklists could not be located.

Corrective Action:

Corrective action was taken.

Reference No. 04-34

**Cash Management**

(Prior Audit Issue - 03-32)

**Medicaid Cluster**

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

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 the 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.

Initial Year Written: 2002  
Status: Partially Implemented

U.S. Department of Health and  
Human Services

Under the State of Texas CMIA agreement with the Department of Treasury, the majority of the Department of Mental Health and Mental Retardation's (DMHMR) Federal programs subject to CMIA Subpart A provisions utilize the pre-issuance funding technique, which requires a clearance pattern. Our audit procedures for clearance patterns developed prior to fiscal year 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 DMHMR'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 DMHMR clearance pattern calculated from 1999 data of (.12) days. Although DMHMR 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.

DMHMR did not calculate new clearance patterns for fiscal year 2003 because they did not believe that the clearance pattern had significantly changed. The questioned costs are the differences in the interest liabilities created if the new clearance patterns had been incorporated into the 2003 CMIA report. Using the interest rate for fiscal year 2003 of 1.2% (the 2003 average of the 13-week Treasury Bill equivalent yield as provided by the U.S. Department of Treasury - Financial Management Service), additional interest is approximately \$9,300.

*Corrective Action:*

This finding was reissued as current year reference number: 05-34.

**Protective and Regulatory Services**

Reference No. 04-35

**Cash Management**

(Prior Audit Issue - 03-31, 02-02)

**Major Programs:**

- 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

**Non-Major Programs:**

- CFDA 93.566 - Refugee and Entrant Assistance - State Administered Programs
- CFDA 93.586 - State Court Improvement Program
- CFDA 93.590 - Community Based Family Resource and Support
- CFDA 93.603 - Adoptive Incentive Payments
- CFDA 93.643 - Children's Justice Grants to States
- CFDA 93.645 - Child Welfare Services - State Grants
- CFDA 93.652 - Adoption Opportunities
- CFDA 93.656 - Temporary Child Care and Crisis Nurseries
- CFDA 93.669 - Child Abuse and Neglect State Grants
- CFDA 93.670 - Child Abuse and Neglect Discretionary Activities
- CFDA 93.674 - Independent Living
- CFDA 93.959 - Prevention and Treatment of Substance Abuse
- Medicaid Cluster
- Child Care Cluster

**Type of finding - Reportable Condition Control**

The Protective and Regulatory Services' (PRS) cash management funding technique (i.e., pre-issuance) documented in the State's Treasury-State Agreement requires that Federal funds to the State will be paid to the State not more than three days prior to the State's issuance of checks or initiation of EFT payments. Both PRS' and the State's accounting systems are configured to post and pay invoices, respectively, with a future scheduled pay date. However, PRS does not have the appropriate information technology controls in place to ensure the cash management (i.e., pre-issuance) funding from the Federal programs will be paid out by PRS within three days after the receipt of Federal funds. PRS has not been able to successfully re-configure the cash drawdown report logic to include both the posting and expected payment dates. As a result, PRS' cash management methodology is to determine draw amounts and timing based on total balances at the appropriation level that results in a FIFO method of disbursements.

Initial Year Written:	2001
Status:	Implemented
U.S. Department of Health and Human Services	

Total Federal revenue for the major and non-major programs for fiscal year 2003 was:

<u>Federal Program</u>	<u>Federal Revenue by Program</u>
CFDA 93.556	\$ 40,902,446
CFDA 93.558	225,225,279
CFDA 93.566	21,284
Child Care Cluster	32,468,311
CFDA 93.586	352,476
CFDA 93.590	1,592,580
CFDA 93.603	1,088,362
CFDA 93.643	1,522,829

<b>Federal Program</b>	<b>Federal Revenue by Program</b>
CFDA 93.645	25,940,047
CFDA 93.652	195,635
CFDA 93.656	(42,484)
CFDA 93.658	166,664,430
CFDA 93.659	46,996,474
CFDA 93.667	32,846,302
CFDA 93.669	1,368,688
CFDA 93.670	(3,030)
CFDA 93.674	5,395,989
Medicaid Cluster	84,123,252
CFDA 93.959	(30,540)
Total	\$ 666,628,330

Corrective Action:

Corrective action was taken.

Reference No. 04-36

**Allowable Costs/Cost Principles**

**CFDA 93.659 - Adoption Assistance**

**Type of finding - Non-Compliance**

Per OMB Circular A-87, attachment B, section 8H - support of salaries and wages, charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the government unit and approved by a responsible official(s) of the governmental unit.

Initial Year Written: 2003  
Status: Implemented

U.S. Department of Health and  
Human Services

The Department of Protective and Regulatory Services (PRS) utilizes Form 710 (Exception Time Report) to report adjustments or hours reported for personnel who are on leave without pay. In the allowable cost sample, 19 employees were selected for review of which 5 were on leave without pay. For these 5 employees, we noted one payroll expenditure where the employee was paid for hours that did not agree to Form 710. The employee was overpaid \$3 due to mathematical oversight.

Corrective Action:

Corrective action was taken.

Reference No. 04-37

**Eligibility**

**CFDA 93.659 - Adoption Assistance**

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

In accordance with 45 CFR section 1356.30, the State must provide documentation that criminal records checks have been conducted with respect to prospective foster and adoptive parents. In order for a childcare institution to be eligible for Title IV - E funding, the licensing file for the institution must contain documentation, which verifies that safety considerations with respect to the staff of the institution have been addressed.

Initial Year Written: 2003  
Status: Partially Implemented

U.S. Department of Health  
and Human Services

A sample of 40 adoption assistance cases was selected for review. Our review disclosed three of 40 cases where the Department of Protective and Regulatory Services (PRS) could not provide documentation that safety considerations with respect to the caretaker(s) have been addressed.

Corrective Action:

This finding was reissued as current year reference number: 05-03.

Reference No. 04-38

**Eligibility**

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

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

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

Initial Year Written: 2003  
 Status: Partially Implemented  
  
 U.S. Department of Health and  
 Human Services

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

Additionally, per Title 40 Part 19 of Texas Administrative Code Chapter 745 Subchapter F Division 2, providers must request background checks for employees. Providers must submit a request for a background check when a new person is hired, but no later than two business days after the new employee is hired or is present in the provider's operation. In addition, requests for criminal background checks are to be submitted by the provider to the Licensing Division of the Texas Department of Protective and Regulatory Services (PRS) every 24 months after each employee's name was first submitted.

A sample of 30 children for whom Foster Care - Title IV-E payments were made during fiscal year 2003 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 of compliance with the eligibility requirements disclosed the following:

- For one of the providers, the criminal background check for 1 employee was overdue.
- For one of the providers, 3 employees were employed for twelve days before a request for a background check was submitted.
- For one of the providers, the 24-month follow-up background check was overdue for 2 employees. Additionally, 1 employee was hired on October 5, 2001 and a background check was done on September 11, 2003.
- For one of the providers, background checks were missing for 11 employees.
- For three of the providers, each had 1 employee whose name was misspelled on the background check.
- For one of the providers, background checks were missing for 22 employees.

Corrective Action:

This finding was reissued as current year reference number: 05-03.

**PROTECTIVE AND REGULATORY SERVICES, DEPARTMENT OF**

Reference No. 04-39

**Allowable Costs/Cost Principles**

**Major Programs:**

- CFDA 93.556 - Promoting Safe and Stable Families
- CFDA 93.558 - Temporary Assistance for Needy Families
- CFDA 93.658 - Foster Care-Title IV-E

**Non-Major Programs:**

- CFDA 93.590 - Community Based Family Resource and Support Grants
- CFDA 93.603 - Adoption Incentive Payments
- CFDA 93.643 - Children's Justice Grants to States
- CFDA 93.645 - Child Welfare Services-State Grants
- CFDA 93.652 - Adoption Opportunities
- CFDA 93.669 - Child Abuse and Neglect State Grants
- CFDA 93.674 - Chafee Foster Care Independent Living  
Child Care Cluster

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

Per OMB Circular A-87, attachment B, section 8H - support of salaries and wages, 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.

Initial Year Written:	2003
Status:	Partially Implemented
U.S. Department of Health and Human Services	

The sample for allowable costs included 19 employees who were selected for salary testwork and an additional five for fringe benefits testwork. We noted that 100% of salary and fringe benefits for the 24 of \$4,224 employees were charged to the Federal program. However, there was no periodic certification that these employees work solely on the program. Additionally, these employees do not complete timesheets.

<u>Federal Program</u>	<u>Amount of Salaries and Benefits Charged to the Federal Program</u>
CFDA 93.556	\$ 11,352,821
CFDA 93.558	1,522,580
Child Care Cluster	15,711,691
CFDA 93.590	257,475
CFDA 93.603	133,352
CFDA 93.643	113,485
CFDA 93.645	1,276,999
CFDA 93.652	69,730
CFDA 93.658	39,883
CFDA 93.669	791,134
CFDA 93.674	1,025,284
Total	<u>\$ 32,294,434</u>

**Corrective Action:**

This finding was reissued as current year reference number: 05-04.

Reference No. 04-32

**Allowable Costs/Cost Principles**

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

**Medicaid Cluster**

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

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.

Initial Year Written: 2003  
 Status: Partially Implemented  
  
 U.S. Department of Health and  
 Human Services

Management Response and Corrective Action Plan 2003:

*PRS is working to resolve the Medicaid difference with HHS. On December 11, 2003, PRS responded to the HHS regarding the Medicaid deferred for the quarter ended June 30, 2003, requesting clarification. Similar correspondence will be transmitted for the deferral of Medicaid for the quarter ended September 30, 2003. PRS has not been notified of a disallowance to date, and will continue to claim Federal reimbursement for Targeted Case Management services until the issue is resolved with HHS.*

Management Response and Corrective Action Plan 2004:

*DFPS received a disallowance of \$45,246,537.00 under its CPS Targeted Case Management Medicaid program. The Health and Human Services Commission (HHSC), State Medicaid Office, appealed the disallowance. Both HHSC and the federal Center for Medicaid and Medicare Services requested a stay of the appeal in order to work together toward a resolution. The stay was granted and is currently in effect. The disposition of the disallowance is unknown at this time.*

*Implementation Date: On-going*

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

**Texas A&M University - College Station**

Reference No. 04-40

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

**Student Financial Assistance Cluster**

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

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. If sent electronically, the institution must confirm receipt by the student or parent of the electronic notification and must maintain documentation of that confirmation. (34 CFR 668.165).

Initial Year Written:	2003
Status:	Implemented
U.S. Department of Education	

The Student Information Management System (SIMS) performs a monthly query of all students who received a FFELP disbursement. From that query, a letter of notification is generated and sent to the student or parent. Copies of the letters sent to the students were not maintained. Beginning in February 2003, the listing of students sent letters were maintained. Per review of a listing, 1 of the 3 students disbursed loans for the corresponding period were not included on the list. Further test work revealed that a programming error in SIMS caused the monthly listings to be incomplete. Per a query of the student financial aid transaction history for the 2002-2003 award year, approximately \$27,911,000 of FFELP awards were disbursed and notifications were not sent.

Additionally, there were no FPL notifications sent. Texas A&M University College Station (the University) was unaware the regulation applied to FPL disbursements. For the award year 2002-2003, the University disbursed approximately \$5,431,000 of FPL.

Corrective Action Plan:

Corrective action was taken.

Reference No. 04-41

**Reporting - Pell Payment Data**

**Student Financial Assistance Cluster**

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

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)

Initial Year Written:	2003
Status:	Implemented
U.S. Department of Education	

For the award year 2002-2003, Texas A&M University College Station (the University) had procedures to review and correct error reports received from the National Student Loan Data System (NSLDS) during the origination and disbursement records submission process. These procedures to review and correct rejected origination and disbursement records were not adhered to in a timely manner due to employee turnover. 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 2002-2003 Pell reporting information. Through this procedure, we determined that \$308,182 (2% of total Pell disbursements) were not reported within 30 days.

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**

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.

Initial Year Written: 2003  
Status: Partially Implemented

U.S. Department of Education

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:

*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.*

*Implementation Date: March 1, 2005*

*Responsible Person: Dolly A. Zeriali and Tracie Perez*

Reference No. 04-43

**Reporting - Pell Payment Data**

**Student Financial Assistance Cluster**

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

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)

Initial Year Written:	2003
Status:	Partially Implemented
U.S. Department of Education	

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:

*Texas A&M Corpus Christi (TAMUCC) created a master calendar list detailing reporting submission dates for Pell disbursements. TAMUCC began holding monthly meetings with SIS+ Technical staff as of October 2003, to help ensure that essential Technical Operating System (TOS) updates are implemented in a timely manner so that the Office of Student Financial Assistance can submit Pell reports in a timely manner. However, TAMUCC was aware that this finding would carry into fiscal year 2004 for the first Pell disbursement report, which was not submitted until October 27, 2003 due to the delay in TOS implementation. Due to staff illness, the resubmissions of rejected disbursement files and year-end corrections were not performed on a timely basis. As a result an additional 135 submissions (out of 5,331) were processed after the 30-day disbursement reporting requirement. TAMUCC created a query report, which is monitored by the Office of Student Financial Assistance, that tracks students with Pell disbursements, their disbursement date, the Department of Education receipt date, reported disbursement due date and a calculated field indicating whether the receipt date was within the required due date. TAMUCC will continue to utilize the master calendar list, which includes Pell submission reports for August and September, and query reports to ensure student Pell Disbursement reports are performed within required timeframe.*

Implementation Date: January 2005

Responsible Person: Dolly A. Zeriali and Tracie Perez

**Texas A&M University at Prairie View**

Reference No. 03-37

**Special Tests and Provisions - Student Status Changes**

**Student Financial Assistance Cluster**

**Type of finding - Reportable Condition Control**

Under the Federal Family Education Loan Program (FFELP), the University must complete and return student status confirmation reports (SSCR) sent by the National Student Loan Data System (NSLDS) within 30 days of receipt. To comply with this regulation, the University may work directly with NSLDS or they may work with the National Student Clearinghouse (NSC). Texas A&M University - Prairie View (PVAMU) has elected to utilize the services of NSC. Per review of the NSC on-line Operations Guide, the following submissions are required:

Initial Year Written:	2002
Status:	Implemented
U.S. Department of Education	

- First of Term Submission is to be submitted immediately after the registration “add” period is over since it is used to report students who should have their loans deferred. This file is also used to report students who withdraw because they have not returned from the prior period.
- Mid-Term Submission is used to report the enrollment of late students and students who have withdrawn or changed status after the registration period.
- End of Term Submission is also used to report the enrollment of late students and students who have withdrawn or changed status after the registration period. In addition, the submission should be scheduled after classes end in order to report graduates.

NSC also recommends an additional report, Graduates-Only Submission, in the early summer if the End of Term Submission does not include graduates. If the graduates are not reported in the End of Term or the Graduates-Only Submission, then NSC will not report graduates as having separated from school until the next First of Term Submission. By this time, the majority of the grace period has passed, leaving little time for the student’s lender to notify the students of repayment obligations and deadlines.

The reported date to NSC for four of 30 students selected with student status changes was not within the required time frames. PVAMU only submits the three required reports with the End of Term Submission report being filed prior to graduation. In addition, upon review of the four students’ status in December 2002, NSC did not reflect the students as graduated. However the PVAMU Financial Aid Office did report the expected graduations to the respective lenders timely, so there are no questioned costs.

Corrective Action:

Corrective action was taken.

**Texas Southern University**

Reference No. 04-44

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

**Student Financial Assistance Cluster**

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

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. If sent electronically, the institution must confirm receipt by the student or parent of the electronic notification and must maintain documentation of that confirmation. (34 CFR 668.165).

Initial Year Written:	2003
Status:	Implemented
U.S. Department of Education	

Texas Southern University utilizes postcards to notify students of the FFELP and FPL disbursements. Per review of a sample postcard, the required notifications to the students are in the template. Texas Southern University generates labels per FFEL electronic fund transfer reports and various other system generated reports. However, Texas Southern University did not have a process in place to ensure all students and parents were notified or to track the notifications sent. Texas Southern University disbursed \$41,488,804 of FFELP loans and \$195,132 of Perkins loans during the fiscal year 2002-2003.

Corrective Action:

Corrective action was taken.

Reference No. 04-45

**Special Tests and Provisions - Student Status Changes**

**Student Financial Assistance Cluster**

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

Under the Federal Family Education Loan programs (FFELP), schools must complete and return student status confirmation reports (SSCR) sent by National Student Loan Data System (NSLDS) within 30 days of receipt. To comply with this regulation, Texas Southern University may work directly with NSLDS or the National Student Clearinghouse (NSC). Texas Southern University has elected to utilize the services of NSC. Our audit procedures included a review of the NSC enrollment management submission schedule. Based on this audit procedure, it appears the schedule is designed to meet the 30-day submission requirement. However, one out of ten submissions reviewed was submitted after the designated due day causing the submission to be over 60 days after the previous submission. Additionally, six out of 30 students with status changes were not reported timely to NSC and an additional five students were not reported to NSC. The report query used to generate the list of status changes is defined by the school term. If a status change is posted to the system after the last scheduled submission of the term, the change was not reported to the NSC. The five students not reported remain in school status, and therefore, there are no questioned costs.

Initial Year Written:	2003
Status:	Implemented
U.S. Department of Education	

Corrective Action:

Corrective action was taken.

**Texas Tech University**

Reference No. 04-46

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

**Student Financial Assistance Cluster**

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

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. If sent electronically, the institution must confirm receipt by the student or parent of the electronic notification and must maintain documentation of that confirmation. (34 CFR 668.165).

Initial Year Written:	2003
Status:	Implemented
U.S. Department of Education	

Texas Tech 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, 2003, approximately \$79,395,000 FFELP awards and approximately \$12,334,000 FPL awards were disbursed and notifications were not sent.

Corrective Action:

Corrective action was taken.

Reference No. 04-47

**Reporting - Pell Payment Data**

**Student Financial Assistance Cluster**

**Type of finding - Non-Compliance**

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)

Initial Year Written:	2003
Status:	Implemented
U.S. Department of Education	

For the award year 2002-2003, Texas Tech University delayed sending the February 2003 Pell Disbursement report due to the implementation of a system upgrade until March 12, 2003. Therefore, certain January and February 2003 disbursements were not reported within 30 days. The University was unable to quantify the amount of Pell disbursements affected by the delayed report, as the required query field was not populated for all students. Total Spring disbursements were \$5,753,475 (46.8% of total Pell disbursements).

Corrective Action:

Corrective action was taken.

## University of Houston

Reference No. 04-48

### Reporting - Pell Payment Data

#### Student Financial Assistance Cluster

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

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)

Initial Year Written: 2003  
Status: Partially Implemented

U.S. Department of Education

For the award year 2002-2003, the disbursement date in the disbursement records was actually the date the record was reported to 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 \$20,194,431. Also, the disbursement reports for October 2002 and April 2003 were not submitted to the Department of Education resulting in \$8,164,011 of Pell disbursements not being reported within the required 30 days.

#### Corrective Action:

This finding was reissued as current year reference number: 05-47.

Reference No. 04-49

### Special Tests and Provisions - Student Status Changes

#### Student Financial Assistance Cluster

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

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.

Initial Year Written: 2003  
Status: Partially Implemented

U.S. Department of Education

For the award year 2002-2003, the University of Houston did not have a scheduled summer submission since it is not required per the NSLDS guide. However there were two of 30 students with status changes, which were known to the University of Houston but not submitted via an ad hoc report in a timely manner. There were no questioned costs as the change in status was reported in adequate time to notify students of repayment requirements.

Corrective Action:

This finding was reissued as current year reference number: 05-46.

Reference No. 04-50

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

**Student Financial Assistance Cluster**  
**Type of finding - Non-Compliance**

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. If sent electronically, the institution must confirm receipt by the student or parent of the electronic notification and must maintain documentation of that confirmation. (34 CFR 668.165).

Initial Year Written:	2003
Status:	Implemented
U.S. Department of Education	

The University of Houston did send notifications to FFELP or FPL recipients. However the notifications did not include information related to the student or parent's right to cancel all or a portion of that loan. For the award year 2002-2003, the University of Houston disbursed approximately \$74,775,000 of FFELP and \$2,685,000 of FPL.

Corrective Action:

Corrective action was taken.

## University of North Texas

Reference No. 04-51

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

#### Student Financial Assistance Cluster

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

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. If sent electronically, the institution must confirm receipt by the student or parent of the electronic notification and must maintain documentation of that confirmation. (34 CFR 668.165).

Initial Year Written: 2003  
Status: Partially Implemented

U.S. Department of Education

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. In our sample of 30 students, 19 had no indication on the comment screen that a notification had been sent for one or more of their FFELP disbursements. Per discussion with the University of North Texas personnel, the comment screen was not always automatically updated when a notification was sent, especially if the notification was sent by mail. There is also a listing maintained indicating students notified by mail. However, the University of North Texas was unable to verify if notifications had been sent via email for the 19 students in question. Their names were not on the mailing list maintained. The University of North Texas did confirm that several modifications to the notification programming were necessary during the 2002-2003 award year which did result in some students being omitted from the notification process. Total FFELP disbursed was \$74,627,462 for the 2002-2003 award year, along with \$345,519 of FPL. Based on our audit procedures performed on the notification process subsequent to the 2002-2003 award year, notifications appear to be sent in a timely manner to all FFELP and FPL recipients.

#### Corrective Action:

This finding was reissued as current year reference number: 05-50.

**University of Texas at Austin**

Reference No. 04-52

**Cash Management**

(Prior Audit Issue - 03-06)

**Research and Development Cluster**

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

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. We were unable to determine what portion of the amounts drawn were paid prior to initiation of the draw request.

Initial Year Written: 2002  
Status: Partially Implemented

Federal Agencies that provide  
R&D grants

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. Our audit procedures found that for 9 out of 40 weekly draws the amount drawn for direct expenses was in excess of the award amount. Total excess amount drawn for these nine awards was \$12,686. The University of Texas at Austin did not consider the "amount over" in the cash position report when calculating the draw amount for direct expenses. We reviewed the nine exceptions noting the associated overhead, which was not drawn until month end, exceeded the \$12,686.

Corrective Action:

This finding was reissued as current year reference number: 05-56.

Reference No. 04-53

**Matching and Program Income**

(Prior Audit Issue - 03-09, 02-48)

**Research and Development Cluster****Type of finding - Reportable Condition Control**

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.

Initial Year Written:	2001
Status:	Partially Implemented

Federal Agencies that provide R&D grants
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Upon request for a population of matching grants and program income, the University of Texas at Austin did not have established procedures for monitoring this information. G&C is responsible for monitoring grant compliance as they have “working knowledge” of the various grants. However, no individual has been given the specific responsibility to monitor matching requirements or the use of program income. G&C review these provisions when a particular grant is closed, despite the length of the grant period. The University of Texas at Austin had to create a report module to gather the number of grants with matching provisions and/or generation of program income.

Corrective Action:

This finding was reissued as current year reference number: 05-57.

Reference No. 04-54

**Subrecipient Monitoring**

(Prior Audit Issue - 03-08)

**Research and Development Cluster****Type of finding - Reportable Condition Control and Material Non-Compliance**

The University of Texas at Austin has developed an annual questionnaire for each of its subrecipients to complete regarding the status of their respective OMB Circular A-133 reports. The questionnaire allows the subrecipients to note if their current OMB Circular A-133 has any findings. The responsible official must sign the questionnaire and certify to its accuracy. If there are findings, the questionnaire instructs the subrecipient to submit a copy of the report with the questionnaire. Also the University of Texas at Austin has established a policy that the respective principal investigator (PI) must approve all invoices for payment. Together with the signed grant contract which includes suspension and debarment provisions and the subcontract-awarding checklist, these policies comprise the major components of the University of Texas at Austin’s subrecipient monitoring procedures.

Initial Year Written:	2002
Status:	Implemented

Federal Agencies that provide R&D grants
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In our sample of 40 items, 26 subrecipients did not have a current questionnaire and 22 of the 40 subrecipients did not have evidence of an OMB Circular A-133 review on file. Four of the 40 files did not contain a suspension and debarment provision in the grant contract, and one of the 40 files did not have a subcontract-awarding checklist.

Corrective Action:

Corrective action was taken.

Reference No. 04-55

**Reporting - Pell Payment Data**

**Student Financial Assistance Cluster**

**Type of finding - Non-Compliance**

Schools submit Pell origination records and disbursement records to the Common Origination and Disbursement (COD) System. For the 2002-2003 award year, schools will participate in one of two ways: full or phase-in participation. Full participants in COD will submit the Common Record in the new XML format as specified in the COD Technical Reference, Appendix C COD Technical Reference Document for Full Participants. (34 CFR 690.83) The University of Texas at Austin is a full phase participant. The required elements for the origination records per chapter 3, Pell Reporting, of the Student Financial Aid Handbook for 2002-2003 include the estimated family contribution (EFC). However, the COD Technical reference noted the EFC as an optional field. The U.S. Department of Education's Student Financial Aid Handbook and the COD Technical Reference do not require the same data elements. The University of Texas at Austin did not include the EFC in the origination records submitted to U.S. Department of Education since they utilized the COD Technical Reference specifications.

Initial Year Written:	2003
Status:	Implemented
U.S. Department of Education	

Corrective Action:

Corrective action was taken.

Reference No. 04-56

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

**Student Financial Assistance Cluster**

**Type of finding - Non-Compliance**

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. If sent electronically, the institution must confirm receipt by the student or parent of the electronic notification and must maintain documentation of that confirmation. (34 CFR 668.165).

Initial Year Written:	2003
Status:	Implemented
U.S. Department of Education	

At the time of disbursement, the system sends an automatic email message to the student notifying them of the disbursement and the right to cancel. The email contains a link for the student where the required information for the loan disbursement is displayed. Students without an active email address are sent a postcard with the same text as the email. The sending of the email is documented in the financial aid system and the date of transmission can be verified on the financial aid accounting screen. In our sample of 30 students, we noted 24 spring and 4 summer disbursements with no email notification information maintained in the financial aid accounting screen. Further test work revealed that a disruption in the mainframe processing caused some students to not receive their disbursement notifications. The disruption has been corrected. We obtained and reviewed a query of the student financial aid transaction history for the 2002-2003 award year and found, \$2,397,102 of Perkins, \$18,170,480 of subsidized FFELP, \$7,897,894 of unsubsidized FFELP awards, and \$6,732,824 of PLUS awards were disbursed and notifications were not sent.

Additionally, the University of Texas at Austin is not confirming the receipt of the email notifications. For the award year 2002-2003, \$4,695,714 of Perkins loans, \$40,719,850 of subsidized Stafford loans, \$36,953,002 of unsubsidized Stafford loans, and \$18,306,320 of PLUS loans were disbursed where confirmation of the email notifications were not obtained nor maintained.

Corrective Action:

Corrective action was taken.

Reference No. 04-57

**Special Tests and Provisions - Student Loan Repayments (Defaults)**

(Prior Audit Issue - 03-10)

**Student Financial Assistance Cluster**

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

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. 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 15 defaulted files, there were three files sent to the collection agency without the required two phone calls. Prior to May 2003, the system generated call logs were not maintained and records of the phone calls were documented in the student account records via the operators. However, the calls were not being consistently made or documented. Effective May 2003, the University of Texas at Austin changed its policy and is maintaining the call logs with the operators' notations. As of August 31, 2003, 5,167 borrowers were in default with loans outstanding of approximately \$10,470,000. Approximately 1,400 of the borrowers were defaulted less than 365 days for about \$3,361,000.

Initial Year Written:	2002
Status:	Partially Implemented

U.S. Department of Education

Corrective Action:

This finding was reissued as current year reference number: 05-54.

Reference No. 04-58

**Special Tests and Provisions - Institutional Eligibility**

**Student Financial Assistance Cluster**

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

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.

Initial Year Written:	2003
Status:	Partially Implemented

U.S. Department of Education

Corrective Action:

This finding was reissued as current year reference number: 05-52.

**University of Texas at El Paso**

Reference No. 04-59

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

**Student Financial Assistance Cluster**

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

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

Initial Year Written:	2003
Status:	Implemented
U.S. Department of Education	

must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement on FFELP only applies if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronic. If sent electronically, the institution must confirm receipt by the student or parent of the electronic notification and must maintain documentation of that confirmation. (34 CFR 668.165).

The University of Texas at El Paso sent written notifications to students whose FFELP funds were processed before or at the beginning of each Fall and Spring semester. During testing, we noted four instances where notifications were not sent to recipients. The University of Texas at El Paso did not send notifications to those students that received FFEL loans after the beginning of the semester or during the summer sessions. The University of Texas at El Paso did not send notifications to FPL recipients during the 2003 fiscal year as the rule was interpreted as being for FFELP only. For the award year 2002-2003, University of Texas at El Paso disbursed approximately \$657,502 of FPL.

Corrective Action:

Corrective action was taken.

Reference No. 03-42

**Cash Management**

**Research and Development Cluster**

**Type of finding - Reportable Condition Control**

University of Texas at El Paso (UTEP) has selected the reimbursement method of cash management. A weekly cash position report is produced from RGM in DEFINE system (general ledger accounting system) denoting the cash position of each Federal R&D grant. This system is located at the University of Texas at Austin. This report is based on expenditures posted to the general ledger and not expenses paid, which is required under the reimbursement method. UTEP's policy is to pay all vendors within 30 days of receipt of invoice. We were unable to determine what portion of the amounts drawn were paid prior to initiation of the draw request.

Initial Year Written:	2002
Status:	Implemented
Federal Agencies that provide R&D grants	

As a result, UTEP defaulted to advance basis and then had three days to incur expenses before interest would be due to the federal government. UTEP was unable to determine if the excess funds were spent in three days. The interest rate for fiscal year 2002 is 1.89% (the 2002 average of the 13-week Treasury Bill equivalent yield as provided by the US Department of Treasury - Financial Management Service), and total affected federal expenses for R&D at UTEP were approximately \$7,698,000.

Corrective Action:

Corrective action as taken.

**University of Texas M.D. Anderson Cancer Center**

Reference No. 02-30

**Allowable Costs**

**Research and Development Cluster**

**Type of finding - Non-Compliance**

M.D. Anderson uses 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.

Initial Year Written:	2001
Status:	Partially Implemented
U.S. Department of Health and Human Services	

Per OASC-3, 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.

Prior to August 1995, M.D. Anderson had prepared their indirect cost proposals in accordance with 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 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 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. Therefore, although payroll expenditures are supported by an effort reporting system, it is not an acceptable method under OASC-3.

Corrective Action:

This finding was reissued as current year reference number: 05-60.

## University of Texas at San Antonio

Reference No. 03-34

### Cash Management

#### Research and Development Cluster

#### Type of finding - Reportable Condition Control

University of Texas at San Antonio (UTSA) has selected the reimbursement method of cash management. A cash position report is produced from RGM in DEFINE system (general ledger accounting system) denoting the cash position of each Federal R&D grant. This system is located at the University of Texas at Austin. This report is based on expenditures posted to the general ledger and not expenses paid, which is required under the reimbursement method. UTSA follows state law in processing payments to all vendors 30 days after the receipt of invoices or receiving reports, whichever comes in last. We did note that departmental policy allowed for accumulation of expenses to be recorded, generally about \$50,000, before initiating requests for reimbursement.

Initial Year Written:	2002
Status:	Implemented
Federal Agencies that provide R&D grants	

We were unable to determine what portion of the amounts drawn were paid prior to initiation of the draw request. As a result, UTSA has defaulted to an advance basis requiring disbursement of payment within three days before interest would be due to the federal government. UTSA was unable to determine if the excess funds were spent in three days.

Total non-payroll expenses for R&D at UTSA were approximately \$2,170,000 for the fiscal year. Since UTSA follows state law and processed all payments in 30 days, on average, there would be approximately \$180,833 of the amount in payables at any given time. The annualized interest rate for fiscal year 2002 is 1.89% (the 2002 average of the 13-week Treasury Bill equivalent yield as provided by the US Department of Treasury - Financial Management Service).

#### Corrective Action:

Corrective action was taken.

**West Texas A&M University**

Reference No. 04-60

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

**Student Financial Assistance Cluster**

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

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. If sent electronically, the institution must confirm receipt by the student or parent of the electronic notification and must maintain documentation of that confirmation (34 CFR 668.165).

Initial Year Written:	2003
Status:	Implemented
U.S. Department of Education	

West Texas A&M University (the University) was aware of the regulation and sent notifications to FFELP loan recipients. However, they did not maintain confirmations of receipt of electronically delivered notifications to non-campus email accounts. In addition, the University did not send any notifications to FPL recipients. Per a query of the student financial aid transaction history for the 2002-2003 award year, \$47,774 FPL loans were disbursed and \$13,738,891 FFELP awards were disbursed to lenders without campus email accounts.

Secondly, the earliest an institution may distribute student financial aid funds, other than Federal Work Study, either by direct payment to the student, or by crediting the students' accounts, is 10 days before the first day of classes of the payment period for which the disbursement is intended (34 CFR 668.164). The University has only implemented procedures to comply with the 10-day disbursement requirement for FFELP. Due to a misinterpretation of the regulations, the University was not aware that this regulation applied to all types of Federal aid, except Federal Work Study. Per a query of the Datatel Colleague system, nine FPL loan disbursements for \$36,834 and Federal Supplemental Educational Opportunity Grants (FSEOG) disbursements of \$83,855 were disbursed prior to 10-days before the first day of classes.

Thirdly, effective October 1, 2002, institutions may not disburse or deliver the first installment of FFELP to first year undergraduates who are first time borrowers until 30 days after the student's first day of classes. The University has procedures in place to identify the first time borrowers and to report the 30-day delayed disbursement date to the guarantee agency. However, if the guarantee agency sends the disbursement file prior to the 30-day delay date, the University has no procedures to prevent the early disbursement of the loans. Per a query of the Datatel Colleague system, five disbursements to first-time borrowers for \$5,806 were made prior to the 30-day delay.

Lastly, an institution must return FFEL Program funds to a lender if the institution does not disburse those funds to a student or parent for a payment period within... (ii) Three business days following the date the institution receives the funds if the lender provides those funds to the institution by EFT and master check on or after July 1, 1999. (34 CFR 668.167) Two students out of a sample of 30 had loan funds of \$7,608 posted to their accounts more than three business days after the funds were received by the University.

Corrective Action:

Corrective action was taken.

