

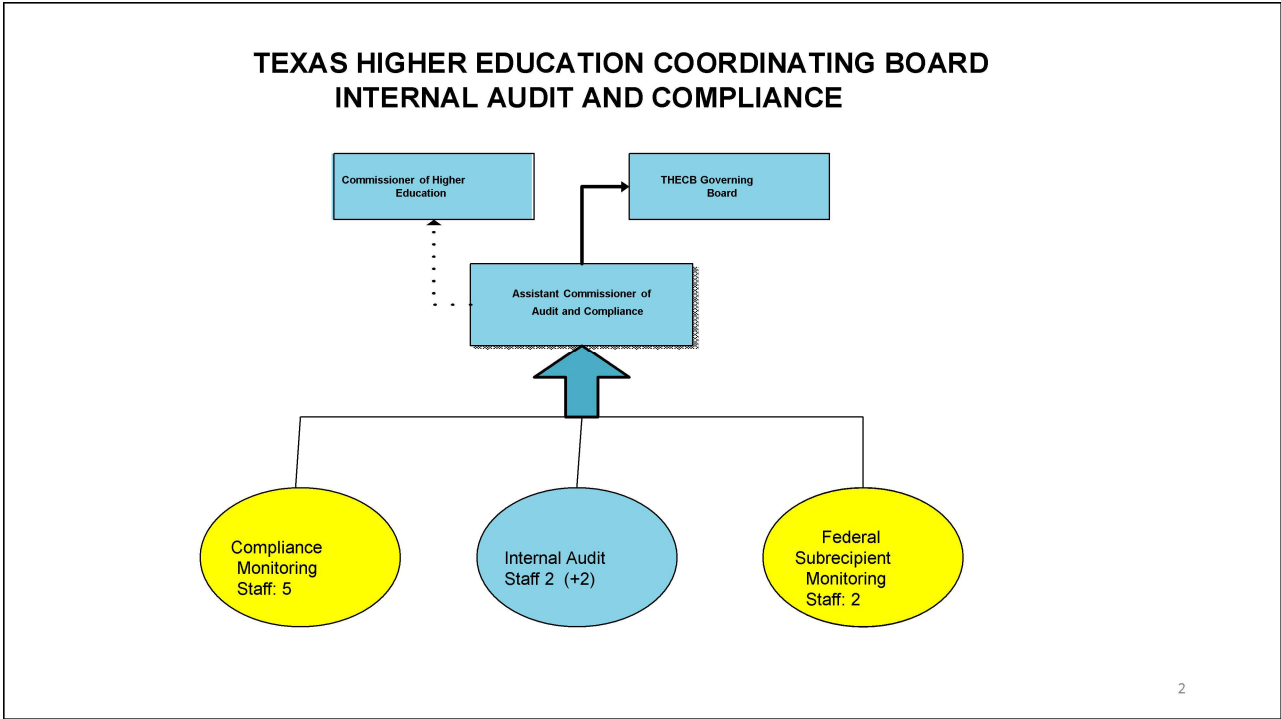
Texas Higher Education Coordinating Board

Compliance Monitoring and Federal Compliance Monitoring Review of Resource Requirements FY 2022

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Internal Audit and Compliance

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Compliance Monitoring

Overview of work: Compliance Monitoring staff of Five

- Risk-based coverage of statutorily defined areas:
 - Data integrity of (primarily) formula funding (103 of institutions);
 - Compliance by IHEs of financial assistance funds received (198 of institutions); and
 - Compliance with sexual misconduct-related statutes (217 of institutions).
- Other areas:
 - Follow up on corrective action implementation;
 - External peer review once every three years; and
 - Provide guidance and input to institutions and CB management.

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Compliance Monitoring

Current coverage:

- Populations and current review rates:
 - **Formula Funding** \$2.5 Billion/yr (103 institutions)
 - 16 over \$100 Million; 49 Over \$20 Million; 9 less than \$5 Million
 - Average of 12 new reviews/year = 6.9 years for 80% coverage
 - **Financial Assistance** \$900 Mil/yr (198 institutions)
 - 22 over \$10 Million; 119 over \$1 Million; 30 less than \$100K
 - Average of 12 new reviews/year = 13.2 years for 80% coverage
 - **Sexual Misconduct Reporting and Policy Review** (217 institutions)
 - Required review by CB per TEC Sections 51.258(g) and 51.292 (f)
 - Expect 5-15 new reviews/year
 - 11.6 years for 80% coverage at 15 per year

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Federal Subrecipient Monitoring

Overview of work: Federal Subrecipient Monitoring staff of Two

- Federal subrecipient monitoring (FSM) supports the CB program area subrecipient monitoring requirements as required by 2 CFR §200.334
- FSM typically
 - Reviews subrecipient Single Audit reports
 - Sends Management letters to subrecipients regarding findings from Single Audit reports related to CB pass through funds
 - Supports CB program areas with financial desk reviews for sample of subrecipients – obtaining information from sub-recipients for verification

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Federal Subrecipient Monitoring

Uniform Grant Guidance (UGG) §200.334 Subrecipient Monitoring-Subrecipient Risk Assessment

(b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:

- (1) The subrecipient's prior experience with the same or similar subawards;
- (2) The results of previous audits including whether or not the subrecipient receives a Single Audit ... ;
- (3) Whether the subrecipient has new personnel or new or substantially changed systems; and
- (4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

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Federal Subrecipient Monitoring

Uniform Grant Guidance (UGG) §200.334 Subrecipient Monitoring - Subrecipient Monitoring plan

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

- (1) Reviewing financial and performance reports required by the pass-through entity.
- (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward.

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Federal Subrecipient Monitoring

Current coverage:

- Population of potential coverage:
 - FY20 Pass Through (PT) Expenditures \$30 Million – one project (Perkins) – about 56 subrecipients
 - FY21 Pass Through Expenditures \$150 Million – three projects
 - FY22 Approx. \$100 to \$200 Million – 20+ projects
 - FY23 Approx. \$100 to \$150 Million
- Expected review rate: Currently conducting approximately 20 Desk Reviews per person per year in addition to Single audit review work.

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Questions ?

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