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November 1, 2019

Dr. Robert Riza, President  
Clarendon College  
1122 College Dr.  
Clarendon, TX 79226

RE: Audit of the Nursing Shortage Reduction Program at Clarendon College

Dear Dr. Riza:

I am attaching the final report for *A Compliance Monitoring Audit of the Nursing Shortage Reduction Program at Clarendon College*, Report No. THECB-CM-FA-19-014. There was one finding related to program requirements, resulting from this engagement. Management's response has been incorporated into the final report.

## Summary

Improvement is needed to assure funds are accounted for separately by program and award year in accordance with Texas Administrative Code Section §22.508. Management's response indicates that procedures regarding grant requirements and standards have been updated.

This Compliance Monitoring report will be presented to the Texas Higher Education Coordinating Board (THECB) Committee on Agency Operations, a standing committee of the THECB Board, on January 23, 2020.

The cooperation of your staff during this review is greatly appreciated. If you have any questions or comments, please let me know.

Sincerely,

Mark. A. Poehl, CPA, CIA, CISA, CFE  
Director, Internal Audit and Compliance

## **Executive Summary**

Clarendon College generally complied with relevant Coordinating Board (THECB) rules and regulations for the Nursing Shortage Reduction Program (NSRP). However, improvement is needed to assure funds are accounted for separately by program and award year in accordance with Texas Administrative Code Section §22.508.

## **Audit Scope, Objective, and Methodology**

Clarendon College utilizes NSRP funds for Nursing faculty salary support and Nursing faculty professional development. Therefore, our compliance audit included testing NSRP expenditures for fiscal year 2018.

Our work included procedures to verify:

- Awarded salaries for Nursing faculty;
- Nursing faculty activities related to project;
- Professional development expenditures for Nursing related activities; and
- Reported award amounts reconciled with Clarendon College's system data and system payment records.

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide reasonable basis for our findings and recommendations based on our audit objectives. We believe the evidence obtained provides a reasonable basis for the findings and recommendations, if any based on the audit objectives.

Our consideration of internal control was for the compliance purpose described in the scope section and was not designed to identify all deficiencies in internal control.

## **Background**

The purpose of the Nursing Shortage Reduction Program is to provide grants to public and private institutions of higher education, and other entities involved with a professional nursing program to reduce the nursing shortage and meet the need for registered nurses in the state of Texas.

## Detailed Observations, Recommendation, and Management's Response

**Nursing Shortage Reduction Program (NSRP) awards must be accounted for separately by NSRP program and by year to facilitate the recordkeeping requirements associated with multiple NSRP programs that may be open over a several year period to ensure compliance with the Texas Administrative Code Section §22.508.**

Nursing Shortage Reduction Program (NSRP) awards must be accounted for separately by NSRP program and by year to facilitate the recordkeeping requirements associated with multiple NSRP programs that may be open over a several year period to ensure compliance with the Texas Administrative Code Section §22.508. This requirement is further emphasized in the NSRP Program Announcement in which institutions respond with application for funds. Clarendon College demonstrated separation of NSRP Regular program and NSRP Under 70 program but did not indicate separation of these programs by award year as required.

The Texas Administrative Code Section §22.508 states, that as an Accounting Requirement "Each award from this program shall be accounted for separately in the books and records of receiving institutions."

The program announcement for the Nursing Shortage Reduction Program states, that "[a]ny award under this program must be accounted for separately by institution, by NSRP program, and by year in order to facilitate the recordkeeping requirements associated with multiple NSRP programs that may be open over a several year period."

### Recommendation:

Ensure awards under the Nursing Shortage Reduction Program are separated by award type, NSRP program, and by year in order to comply with Texas Administrative Code §22.508 and with program requirements and standards.

### Management Response:

*"Clarendon College (CC) has had policy **1760 Externally Funded Grants and Contracts** in place for many years. CC failed to separate NSRP funds by award type, NSRP program and by year to ensure compliance with both CC Policy 1760 and TAC §22.058.*

***"Corrective Action:** Clarendon College (CC) has implemented procedures [as of September 14, 2019] to have all grants reviewed by Tex Buckhaults, VP of Academic Affairs (VPAA), SACSCOC Liaison and by the new CFO/VP of Administrative Services (VPAS) prior to the expenditure of any funds. Until a new*

*CFO/VPAS is hired this role will be handled by Clarendon College CEO/President, Dr. Robert Riza.*

***"Grants Procedure:*** *Clarendon College upon receipt of a grant award notification will conduct a review of the grant by the VPAA and the VPAS to ensure grant requirements and standards will be met, and to establish appropriate grant award accounts. Documentation of this review will be kept by the VPAA's Administrative Assistant."*

**PERFORMED BY:**

Ms. Elizabeth M. Steele, Compliance Specialist  
Ms. Carol Conner, Compliance Specialist

CC:

**THECB**

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