

PRAIRIE VIEW A&M UNIVERSITY

A Member of the Texas A&M University System

Memorandum

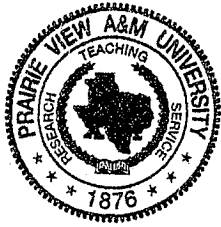
May 1, 2006

To: Ann Craddock, Office of Sponsored Projects
Bob Effinger, Research Foundation
Richard Hamilton, Contracts Office

From: Max Wardrup *MW*
Director of Special Projects

Re: Statewide Single Audit

Attached is the package the University will furnish to respond to grantors who wish to review the independent audit opinion on the University's financial statements and on the expenditure of federal funds. The last audit was performed as part of the Statewide Single Audit for the fiscal year ended August 31, 2005. This package reflects the unqualified opinion on the financial statements taken as a whole, the independent unqualified opinion on the Schedule of Federal Expenditures, and documents that Prairie View A&M University had no findings of non-compliance nor any questioned costs related to federal funds. Please ensure that grantors or potential grantors making this request are furnished with this package.



PRAIRIE VIEW A&M UNIVERSITY

A Member of the Texas A&M University System

May 1, 2006

To Whom It May Concern:

As an agency of the State of Texas, Prairie View A&M University is audited annually as part of the Statewide Single Audit. The Texas State Auditor's Office issued an unqualified opinion on the State's basic financial statements and contracted with KPMG, LLP to perform the federal portion of the 2005 Statewide Single Audit. As indicated by the attached reports, KPMG, LLP issued an unqualified opinion of the Schedule of Expenditures of Federal Awards, but was unable to issue an unqualified opinion for their review of compliance and control over the State's federal awards. All institutions and agencies with compliance issues or questioned federal costs are listed on the attached report. Please note that KPMG, LLP noted no findings and no questioned costs of federal funds at Prairie View A&M University. The complete reports may be accessed at the Texas State Auditor's Web site which is located at www.sao.state.tx.

Sincerely,

Mary Lee Hodge
Vice President for Business Affairs



John Keel, CPA
Texas State Auditor

SAO: Reports:

State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2005

State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2005

March 2006

Report Number 06-555

Overall Conclusion

The Comprehensive Annual Financial Report (CAFR) for the State of Texas accurately presents the financial position and activities of the State for the year ended August 31, 2005.

The ability to prepare materially correct financial statements represents a significant accomplishment for the State. With the third-largest budget among all 50 states, nearly \$77.7 billion in annual expenditures, and more than 200 state agencies and institutions of higher education, the State must contend with significant complexities in preparing its basic financial statements. The financial statements provide a comprehensive picture of how the State used its resources during the year, as well as the State's remaining assets and obligations at the end of the year.

Auditing financial statements is not limited to reviewing the accuracy of the numbers in those statements. Conducting this audit also requires the State Auditor's Office to audit the underlying systems and processes that agencies and institutions of higher education use to record their financial activities. Through that effort, we identified specific weaknesses that certain agencies should correct to ensure the accuracy of their financial information.

The State Auditor's Office conducts this audit so that the State can comply with legislation and federal grant requirements that require it to obtain an opinion regarding the material accuracy of its basic financial statements and a report on internal controls related to those statements. The results of this audit are used primarily by bond-rating agencies that rate newly issued bonds and by federal agencies that award grants.

Contact the SAO about this report.

[Download the Acrobat version of this report. \(.pdf\)](#)

If you prefer an HTML version, [follow this link to an Adobe site which converts PDF files to HTML.](#)

The State Auditor's Office's opinion letter regarding the State's basic financial statements is published in the State of Texas Comprehensive Annual Financial Report for the Year Ended

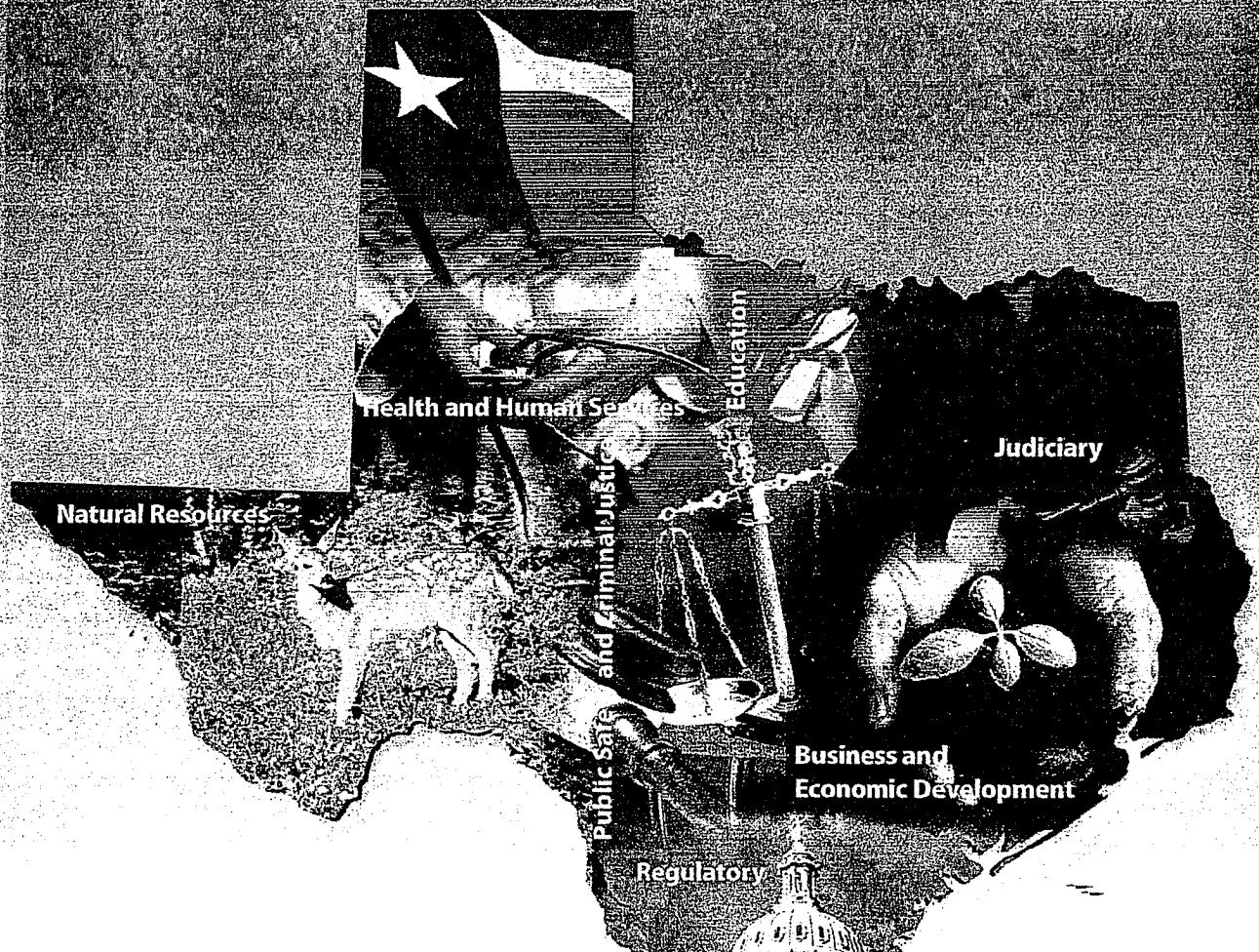
August 31, 2005. That report is available on the Comptroller of Public Accounts' [Web site](#).

The State Auditor's Office and KPMG, LLP performed the federal portion of the 2005 statewide single audit. The federal portion included a review of compliance and controls over the State's federal awards and an audit of the Schedule of Expenditures of Federal Awards. This report, along with the financial portion of the statewide single audit performed by the State Auditor's Office, is submitted to the federal government to fulfill single audit reporting requirements.

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TEXAS

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



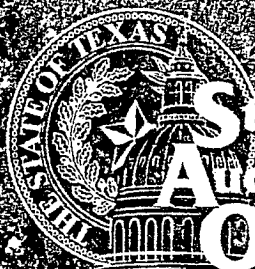

State Auditor's Office
John Keel, CPA
State Auditor



Table of Contents

Independent Auditors' Report on the Schedule of Expenditures of Federal Awards.....	1
Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	2
Schedule of Expenditures of Federal Awards	15
Notes to Schedule of Expenditures of Federal Awards.....	88
Schedule of Findings and Questioned Costs	
Section 1: Summary of Auditors' Results.....	92
Section 2: Financial Statement Findings.....	95
Section 3a: Federal Award Findings and Questioned Costs - KPMG	96
Section 3b: Federal Award Findings and Questioned Costs - Other Auditors	153
Summary of Schedule of Prior Audit Findings - KPMG	210
Summary of Schedule of Prior Audit Findings - Other Auditors.....	270

Independent Auditors' Reports
Federal Portion of
Statewide Single Audit Report
For the Year Ended August 31, 2005

11/15/05 10:00 AM



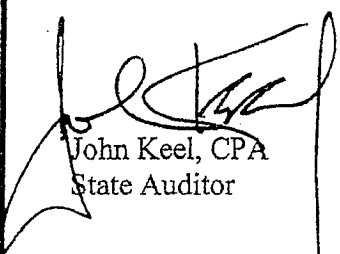
INDEPENDENT AUDITOR'S REPORT ON
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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

Our audit was made for the purpose of forming opinions on the basic financial statements that collectively comprise the State of Texas's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and it is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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


John Keel, CPA
State Auditor

February 21, 2006

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

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

Compliance

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

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

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

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



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

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

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



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

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



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



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



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



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

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



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

Internal Control Over Compliance

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

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

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

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



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



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



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



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

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

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



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

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

KPMG LLP

February 21, 2006

Federal Award Findings and Questioned Costs - Table of Contents

Federal Award Findings - KPMG

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

Federal Award Findings - Other Auditors

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

Summary Schedule of Prior Year Audit Findings - Table of Contents

Prior Year Audit Findings - KPMG

Alcohol and Drug Abuse, Commission on	211
Assistive and Rehabilitative Services, Department of	213
Building and Procurement Commission, Texas and Information Resources, Department of	215
Family and Protective Services, Department of	218
Health, Department of	222
Health and Human Services Commission	234
Housing and Community Affairs, Department of	246
Human Services, Department of	253
Juvenile Probation Commission	256
Mental Health and Mental Retardation, Department of	258
Parks and Wildlife Department	261
Protective and Regulatory Services, Department of	262
Public Safety, Department of	263
Texas Engineering Extension Service (A&M)	267
Texas Workforce Commission	269

Prior Year Audit Findings - Other Auditors

Angelo State University	270
Comptroller of Public Accounts	271
Stephen F. Austin State University	273
Texas A&M University - Corpus Christi	275
Texas State University	277
University of Houston	279
University of North Texas	282
University of Texas at Austin	283
University of Texas at Dallas	288
University of Texas Health Science Center at San Antonio	289
University of Texas M.D. Anderson Cancer Center	290
University of Texas Southwestern Medical Center at Dallas	298