

Background:

Grants Management Staff will review these reports:

- **Independent Audit Status Report** — summarizes the status of desk reviews of annual independent audits submitted to grantees.
- **Grants Monitoring Exceptions Report** — summarizes concerns noted by TCDD Grants Management staff in their ongoing monitoring activities, and the status of resolving those concerns.
- **Grants Risk Assessment of TCDD Projects & Quarterly Update Report** — summarizes the risk assessment matrix for considerations of continuation grant awards and provides more detail about monitoring activities for all TCDD funded projects. This format now includes any concerns identified by grants staff from ongoing monitoring of projects.

Executive Committee — Agenda Item 6**Expected Action:**

The Executive Committee will review the information provided and may provide guidance to staff.

Council — Agenda Item 13. B.**Expected Action:**

The Council will receive a report on the Executive Committee discussion.

**TEXAS COUNCIL FOR DEVELOPMENTAL DISABILITIES
INDEPENDENT AUDIT STATUS REPORT**

Grantee	FYE	Date Received	Audit Firm	Exceptions Noted	Recommendations / Resolutions
Any Baby Can of San Antonio, Inc	6/30/2015	12/10/2015	BDO USA, LLP	None.	None/Done.
Community Healthcare	8/31/2015	2/2/2016	Henry & Peters	From our review of Type A programs in 2015 fiscal year, we noted that VA Supportive Services for Veteran Families Program (CFDA 64.033) was a Type A program that should have been considered a high-risk program and audited as a major program in 2015 fiscal year since it was not audited as a major program in either 2013 or 2014 fiscal year.	The auditors should audit the excluded program and reissue the Report to correct the deficiency. TCDD CPA approved the re-issuance of the audit report on 3/8/16.
Imagine Enterprises Inc	12/31/2014	2/18/2016	No Data	None.	None/Done.

Key: Audits were submitted to TCDD during the fiscal year (Oct. 1, 2015 – Sept. 30, 2016). Independent Audit Reports are due not later than nine months after the end of the grantee's fiscal year(s) for which an audit is performed. This document includes audits that were received after the due date, but during the fiscal year.

Monday, July 11, 2016

Grantee	FYE	Date Received	Audit Firm	Exceptions Noted	Recommendations / Resolutions
Region 17 ESC	8/31/2015	1/4/2016	Bolinger, Segars, Gilbert & Moss, LLP	In the “Summary of Auditors’ Results” section of the Schedule of Findings and Questioned Costs, the auditors described the results of their audits of the financial statements and compliance for major programs as Unqualified. The results of the audits should have been described as Unmodified. A copy of the revised audit was submitted to TCDD’s CPA.	Grantee auditor should revise the audit report and resubmit it. Audit corrected by grantee auditor and accepted by TCDD audit desk reviewer, Abi Bankole.
Texas A&M University	8/31/2015	2/4/2016	State Auditor’s Office	None	None/Done.
Texas State Independent Living Council	8/31/2014	10/26/2015	Montemayor Hill Britton & Bender PC	None.	None/Done.
Texas Tech University	8/31/2014	10/31/2015	State of TX	None.	None/Done.
Texas Tech University	8/31/2014	10/31/2015	State of TX	None.	None/Done.
Volar Center for Independent Living	9/30/2014	6/14/2016	White+Samaniego+Campbell, LLP	No Data	No Data
Volar Center for Independent Living	9/30/2014	6/14/2016	White+Samaniego+Campbell, LLP	No Data	No Data

Key: Audits were submitted to TCDD during the fiscal year (Oct. 1, 2015 – Sept. 30, 2016). Independent Audit Reports are due not later than nine months after the end of the grantee's fiscal year(s) for which an audit is performed. This document includes audits that were received after the due date, but during the fiscal year.

GRANTS MONITORING EXCEPTIONS REPORT

Grantee Project Title	Type of Onsite	Date of Onsite	Actions Required from Onsite Review	Corrective Actions	Status
Reaching Families Advocacy and Support Group <i>(Culturally Appropriate Family Support Group)</i>	Initial	4/21/16	Documentation for affirmative action and civil rights procedures; building standards for ADA requirements; federal regulations policies for individuals with DD; written procedures for purchase/procurement of goods; PAR's with required signatures and correct percentages of time; independent audit report; fiscal control procedures; verification of accrual basis accounting; project related costs for travel; service agreements/contracts; photocopy logs; equipment inventory list; lease space agreement; utility costs; and, all match costs.	Documentation requested: 3/18/16 Documents due: 4/21/16 Additional follow-up information requested: 4/28/16, 5/31/16 Documents received: 4/28/16, 4/29/16, 5/2/16, 5/27/16	Pending
Texas State Independent Living Council <i>(Health and Fitness)</i>	Follow-up	4/26/16	PAR's for all staff; audit for fiscal year ending 8/31/16; verification of accrual basis accounting; verification of audit/accounting service fees; travel cost documentation; insurance premium documentation; photocopy log documentation; office lease space documentation; utility costs documentation; and, match documentation for PAC and service agreements.	Documentation requested: 3/5/16 Documents due: 4/27/16 Additional follow-up information requested: 4/29/16 Documents received: 5/24/16, 5/25/16, 5/26/16, 5/27/16, 6/10/16	Complete
Disability Rights Texas <i>(Stakeholder Training on Guardianship Alternatives)</i>	Initial	4/27/16	PAC meeting minutes; service/contract agreements for organization providing services and being paid with TCDD funds; budget revision removing lease space funds from approved budget; and, match documentation for purchase services and travel.	Documentation requested: 3/29/16 Documents due: 4/27/16 Additional follow-up information requested: 5/4/16 Documents received: 5/5/16, 5/26/16	Complete
Epilepsy Foundation <i>(Health and Fitness)</i>	Follow-up	5/17/16	Documentation that buildings used for training meets ADA requirements; and, contracts for organizations/individuals providing wellness and nutrition services	Documentation requested: 4/19/16 Documents due: 5/17/26 Additional follow-up information requested: 5/24/16 Documents received: 5/27/16, 6/8/16	Complete

Date Revised: 6/24/15

1 - Audit due within 9-months after the end of the budget period.

RISK ASSESSMENT OF TCDD PROJECTS – QUARTERLY UPDATE

Number	Grantee	TCDD Fund Amt.	Other Federal Fund Amt.	Date of Last Onsite	Next Onsite Due By	Risk Activity	Risk Code
1.	Region 17 ESC (FIS)	\$300,000	\$1,687,806	11/13/15	2016	2	Extensive Risk
2.	Epilepsy Foundation of Texas (Health & Fitness)	\$250,000	\$390,600	5/27/16	2017	2	Extensive Risk
3.	Texas State Independent Living Council (Health & Fitness)	\$238,000	\$395,083	4/29/16	2017	2	Extensive Risk
4.	DARS (Higher Education)	\$225,000	\$488 mil	12/15/15	2016	2	Extensive Risk
5.	Educational Programs Inspiring Communities, Inc. (Enabling Technology)	\$225,000	\$200,000	12/3/15	2016	2	Extensive Risk
6.	Texas A&M University (Higher Education)	\$225,000	\$244 mil	9/22/15	2016	2,3	Extensive Risk
7.	Texas Tech University (Higher Education)	\$225,000	\$35mil	11/12/15	2016	2,3	Extensive Risk
8.	Strategic Education Solutions, LLC (Enabling Technology)	\$224,925	\$0	11/30/15	2016 2	8.	Extensive Risk
9.	National Disability Institute (Understanding Employment Options and Supports)	\$150,000	\$2,481,931 mil	NA	2017	1, 2, 7	Extensive Risk
10.	Any Baby Can (Health & Fitness)	\$174,887	\$0	12/10/14	2016	2	Considerable Risk
11.	Texas Tech University (Project SEARCH)	\$174,346	\$35 mil	10/1/2014	2016	2,3	Considerable Risk
12.	Volar Center for Independent Living (BC3)	\$150,000	\$203,823	4/29/2015	2017	2	Considerable Risk
13.	Sabine Valley Regional MHMR Center (dba Community Healthcare) (BC3)	\$139,440	\$4,663,336	2/11/2015	2017	2, 3, 5	Considerable Risk
14.	Imagine Enterprises (Project SPEAK)	\$125,000	\$725,000	12/3/15	NA	2	Considerable Risk
15.	VSA Arts of Texas-(Self-Advocates as Speakers)	\$125,000	\$10,000	10/26/15	NA	2	Considerable Risk
16.	Texas Advocates (Self-Advocates Grassroots Community Organizing)	\$100,000	\$0	7/13/2015	2017	2, 5	Considerable Risk

Number	Grantee	TCDD Fund Amt.	Other Federal Fund Amt.	Date of Last Onsite	Next Onsite Due By	Risk Activity	Risk Code
17.	Texas State Independent Living Council (Accessible Transportation Summits)	\$150,000	\$520,587	NA	TBD	2	Considerable Risk
18.	Light and Salt Association (Culturally Appropriate Family Support)	\$75,000	\$448,606	1/26/16	2019	2	Moderate Risk
19.	Coalition of Texans with Disabilities (Developmental Disabilities Policy Fellows)	\$67,500	\$0	1/27/15	NA	2	Moderate Risk
20.	The Arc of Texas (Developmental Disabilities Policy Fellows)	\$67,500	\$0	3/6/15	NA	2	Moderate Risk
21.	Reaching Families Advocacy and Support Group (Culturally Appropriate Family Support)	\$79,606	\$0	4/21/16	2019	2	Moderate Risk
22.	Disability Rights Texas (Stakeholder Training on Guardianship Alternatives)	\$40,000	\$8mil	4/27/16	2019	2	Moderate Risk

Highlighted grantees indicate additional monitoring strategies this quarter.

*Increased risk due to the number of sub-awards and no previous audit.

RISK CODE KEY

- RED** — Extensive Risk Management (all levels of control plus audit)
- YELLOW** — Considerable Risk Management (most levels of control plus independent review by CPA)
- GREEN** — Moderate Risk (operating & monitoring controls & agreed upon procedures engagement by CPA)
- GRAY** — Monitor or Accept (basic monitoring only)

RISK ACTIVITIES KEY

- 1 – New Grantee
- 2 – Awards within Award
- 3 – Funding Issues
- 4 – Compliance Issues
- 5 – Performance Issues
- 6 – Legal Actions
- 7 – Fiscal Office Out of State
- 8 – No Prior Audit

TCDD RISK MATRIX — FY 2016

Risk Activities	\$75,999. Award Amount	\$76,000. – \$199,999. Award Amount	\$200,000. – \$499,999. Award Amount	\$500,000. + Award Amount
1. New Grantee (i.e., no previous project or no project within 2 year period)	LH	MH	HH	HH
2. Awards within Award (e.g., consultants, presenters, sub-contractors, etc.)	LH	MH	HH	HH
3. Funding Issues (e.g., budget/procurement concerns, match, sustainability, etc.)	LM	LM	MM	HM
4. Compliance Issues (e.g., OMB, UGMS, TCDD policy, oversight issues, etc.)	LM	LM	MM	HM
5. Performance Issues (e.g., unmet goals, milestones, special conditions, etc.)	LM	LM	MM	HM
6. Legal Actions	LL	LL	ML	HL
7. Fiscal Office Located Out-Of-State	LL	LL	ML	HL
8. No Audit Prior To Grant Award	LL	LL	ML	HL

RISK MATRIX KEY: 1st letter denotes impact; 2nd letter denotes probability.

HM, HH — Extensive Risk (all levels of control plus audit)

MM, MH, HL — Considerable Risk (most levels of control plus independent review by CPA)

LH, ML — Moderate Risk (operating/monitoring controls + agreed upon procedures by CPA)

LL, LM — Acceptable Risk (basic monitoring only)

Use for Risk Management Plan:

RED — Audit work performed and the Executive Director performs oversight via quarterly report* provided to ensure supervisory and operating controls are working.

YELLOW — Department heads reporting to Executive Director perform oversight functions to ensure supervisory and operating controls are working.

GREEN — Department staff perform oversight functions to ensure supervisory and operating controls are working.

GRAY — Department staff perform basic oversight functions to ensure controls are in place.

Use for Annual Audit or Review Determination:

RED — Red indicates areas to be audited or reviewed by independent CPA.

YELLOW — Yellow indicates areas to be covered through oversight, supervisory and operating controls with guidance from the contracted internal audit services provider.

GREEN — Green indicates areas to be covered through staff oversight with guidance from the contracted internal audit services provider as needed.

GRAY — Gray indicates areas to be covered through basic staff oversight and reporting.

Grants Monitoring Exceptions Report provided to E.D. and Council quarterly for review.

No risk activities means monitoring strategies will be performed at the lowest level under the award amount.

NOTE: Risk Matrix reviewed annually with TCDD staff and Internal Auditor; updated when needed.

MONITORING STRATEGIES FY 2016

STIPENDS (\$7,500. Or less):

Website instructions	Special Conditions (GMD letter)
Technical support (Budget Support Specialist)	Review FROE & other reports submitted

Mini-Grants (\$10,000. – \$24,999.):

Orientation	Program Performance Review = Six Months
Technical support (Senior Specialist)	Final Program Performance Report
RAR & Supplemental Report	Approvals (e.g., dissemination, etc.)
RAR Documentation Review = Six Month	

Level 1 — GRAY

Orientation	Approvals (e.g., equipment, travel, speakers, etc.)
Onsite Review = Initial	Project Advisory Committee Meetings
Program Performance Review = Annual	Final Program Performance Report
RAR Documentation Review	Other as determined necessary (e.g., audit desk review)

Level 2 — GREEN

Orientation	Project Advisory Committee Meetings
Onsite Review = Initial & 3 rd year	Final Program Performance Report
Program Performance Review = Quarterly	Agreed upon Procedures Engagements CPA
RAR Documentation Review	Other as determined necessary (e.g., audit desk review)
Approvals (e.g., equipment, travel, speakers, etc.)	

Level 3 — YELLOW

Orientation	Project Advisory Committee Meeting
Onsite Review = Initial & 3 rd & 5 th years	Final Program Performance Report
Program Performance Review = Quarterly	Independent Review by CPA = Annual (A-133 Audit at \$500k or more)
RAR Documentation Review	Project Staff Meeting (1X per annum)
Approvals (e.g., equipment, travel, speakers, etc.)	Other as determined necessary (e.g., audit desk review)

Level 4 — RED

Orientation	Final Program Performance Report
Onsite Review = Initial & Annual	A-133 Audit = Annual (Independent under \$500k)
Program Performance Review = Quarterly	Audit Desk Review = Annual
RAR Documentation Review	Project Staff Meeting (2X per annum)
Approvals (e.g., equipment, travel, speakers, etc.)	Interim Program Performance Report
Project Advisory Committee Meetings	

ADDITIONAL MONITORING STRATEGIES FOR GRANT PROJECTS

To be selected and implemented on an as needed basis.

- Re-orient
- Add milestones or special conditions
- Move up to the next level of monitoring (see above tables)
- Payment holds (reimbursement only no advance or no reimbursement and no advance)
- Require additional onsite reviews