

**Appendix F**

**Institution Management Response**

Indicate whether the answer is yes or no to the proposed questions and provide a detailed response to your answer.

**1. OVERARCHING/PERFORMANCE**

a. Are the programs under Recovery Act for my organization following the existing procedures or new procedures? New procedures are being followed that were developed and implemented by the State of Alabama Department of Postsecondary Education and the State of Alabama Finance Office according to guidelines from the ARRA. Existing procedures are being followed in the segregation of federal funds and the requirement for time and effort reports for payment of personnel from federal funds.

b. Are specific Recovery Act fund objectives and requirements incorporated into agency policies? Yes. The use of the State Fiscal Stabilization Funds is in accordance with the specified uses in the ARRA and the reporting is in accordance with the guidelines provided in the ARRA.

c. Does my organization have staff adequately trained to effectively implement Recovery Act requirements? Yes. The president, compliance officer, contact person (alternate), and IT person have all received training provided by the Department of Postsecondary Education and through the webinars provided by the Office of Management and Budget (OMB).

d. Has my organization provided new requirements, conditions, and guidance to the recipients regarding Recovery Act? NA. We do not provide funds to recipients.

e. Does my organization have reporting mechanisms in place to collect the required data from recipients to meet Recovery Act transparency requirements? NA. We do not provide funds to recipients.

f. Is there an agency-wide methodology for measuring performance? What are the key performance metrics? Yes. The State Finance Office and Department of Postsecondary Education have a process in place to measure performance based on the requirements of the ARRA and the approved plan for use of the funds.

g. Are there any process metrics, or are the metrics primarily outcome-oriented? The metrics are primarily outcome-oriented for the college because the planned use of the funds is to retain jobs.

h. Does my organization have a corrective action plan process in place to promptly resolve the audit findings identified that may impact the ability to successfully implement Recovery Act? Yes. We have a corrective action plan for audit findings that would identify the problem/source, reason for the finding, and would implement changes (personnel, processes, training) that would prevent another finding in this area. We have not had an audit finding in twelve consecutive annual audits.

i. Has my organization established a governance body to oversee / manage the overall implementation of Recovery Act? Yes. The State Finance Office and Department of Postsecondary Education.

***Management Response and Action Plan:***

## 2. REPORTING

a. Is the necessary reporting under Recovery Act in place? Yes. The compliance officer has registered at [FederalReporting.gov](http://FederalReporting.gov) for the quarterly Section 1512 reporting. Reporting forms are available and guidelines are in place for monthly reporting to the Department of Postsecondary Education and to the State Finance Office. Monthly reports, a link to [FederalReporting.gov](http://FederalReporting.gov) for quarterly reports, and links to other sites with pertinent information regarding the ARRA are available on the college's website through a prominent icon for the ARRA.

b. Has your organization implemented communication vehicles to ensure Recovery Act data is promptly reported on the agency's website? Yes. The compliance officer copies transmittal of all reports to the IT person, who posts the data on the college's website. The contact person verifies with the IT person on the due date of the report that the report has been received and views the report on the college's website.

c. Are reports published under Recovery Act reviewed and approved? Yes. Reports prepared by the compliance officer are reviewed for accuracy by the contact person. The transmitted reports are reviewed and approved by the Department of Postsecondary Education and the State Finance Office.

d. Are reports issued accurate and have the data fields required under Recovery Act? Yes. The report forms include the data fields required by the ARRA. The data included in the reports is reviewed for accuracy by the contact person. The reports are also reviewed for accuracy by the Department of Postsecondary Education and the State Finance Office.

e. Do reports tell agency management what is happening on a timely basis? Yes. The reports are transmitted to the Department of Postsecondary Education and to the State Finance Office monthly. Quarterly Section 1512 reports are submitted online by the 10<sup>th</sup> of the month following the end of a quarter.

f. Are issues identified through established reports addressed on a timely basis? Yes. The review of the reports at each level (college, DPE, State Finance Office) is timely, with specified time-lines for review and correction.

g. Are reports issued on the effectiveness of risk management strategies and tactics timely? Yes. The Internal Audit Division of the Department of Postsecondary Education provides feedback to colleges on the Risk Management Plan and compliance with the ARRA requirements.

h. Are risk management strategies and tactics properly monitored? Yes. They are monitored by the Department of Postsecondary Education Internal Audit Division and the State Finance Office.

### **Management Response and Action Plan:**

**1. HUMAN CAPITAL**

a. Has my organization identified qualified personnel to oversee the Recovery Act funds? Yes. Dr. Susan A. McBride, President, has direct responsibility and has appointed qualified personnel as the compliance officer, contact person (alternate), and IT person. The compliance officer is Marie N. Heaton, Director of Finance, Comptroller, and Treasurer for the college, with twenty years experience in the system. The contact person (alternate) is Hubert B. Wall, Jr., Dean of Business Affairs, with greater than ten years experience in the system, and with a background as City Clerk/Treasurer for seven years. Both have knowledge and experience in administering federal funds. The IT person is Anthony Hardy, Director of MIS, with ten years experience in the system and fourteen years extensive experience in the IT industry, in which he has held various leadership positions.

b. Does my organization have sufficient level of personnel to manage the Recovery Act programs (for instance, Grant, Contracting, Financial Management, or IT personnel, etc.)? Yes. The college is not receiving any grants as part of the Recovery Act funds, but is using the funds solely to retain personnel, so the financial management and IT personnel are sufficient to manage the ARRA programs.

c. Are they empowered to make decisions and administer the Recovery Act programs? Yes. The president has empowered and placed responsibility with the compliance officer, contact person, and IT person to adhere to, follow, and meet the requirements of the use and reporting of ARRA funds.

d. Are program officials trained in the performance management requirements? Yes. The president, compliance officer, contact person, and IT person have all received training provided by the Department of Postsecondary Education and the Office of Management and Budget (OMB).

e. Has my organization considered using alternative hiring methods allowed under the Recovery Act? No. The college's use of the Recovery Act funds is to retain jobs, not hire new personnel.

**Management Response and Action Plan:**

**1. ACQUISITION (This section is not applicable to our college because the college is using stabilization funds to retain personnel.)**

a. Do new Requests for Proposals issued under Recovery Act initiatives contain the necessary language to satisfy the requirements of the Recovery Act? NA The Recovery Act funds will not be used by the college for construction projects or for the purchase of items, so this requirement is not

applicable to the college. The college is using the Recovery Act funds to retain jobs.

b. Are Contracts awarded in a prompt, fair, and reasonable manner? NA The college will not be awarding contracts in the use of the Recovery Act funds. The college is using the Recovery Act funds to retain jobs.

c. Do new contracts awarded using Recovery Act funds have the specific terms and clauses required? NA The college will not be awarding contracts in the use of the Recovery Act funds, so this requirement is not applicable to the college. The college is using the Recovery Act funds to retain jobs.

d. Are contracts awarded using Recovery Act funds transparent to the public? NA Are the public benefits of the funds used under these contracts reported clearly, accurately, and in a timely manner? NA The college will not be awarding contracts in the use of the Recovery Act funds, so these requirements are not applicable to the college. The college is using the Recovery Act funds to retain jobs.

e. Are funds used for authorized purposes and the potential for fraud, waste, error, and abuse minimized and/or mitigated? NA The college is using the Recovery Act funds for authorized purposes and the potential for fraud, waste, error, and abuse is minimized and/or mitigated by the controls, review, and oversight procedures put in place by the college. Since the college is not using the Recovery Act funds for acquisitions, these procedures are not applicable to this section, but are detailed in the financial section. The college is using the Recovery Act funds to retain jobs.

f. Do projects funded under Recovery Act avoid unnecessary delays and cost overruns? NA The college is not using the Recovery Act funds for projects that may incur delays or cost overruns, so this requirement is not applicable to the college. The college is using the Recovery Act funds to retain jobs.

g. Are there any performance issues identified with regards to (potential) contractor? NA Are there follow up actions to address the performance issues? NA The college will not be working with contractors, with considerations regarding performance issues, in its use of the Recovery Act funds, so this requirement is not applicable to the college. The college is using the Recovery Act funds to retain jobs.

**Management Response and Action Plan:**

**1. FINANCIAL**

a. Has my organization established separate Treasury Account Fund Symbols to ensure Recovery Act funds are clearly distinguishable? Yes. Separate accounts, with a numbering system unique to this program, have been set up and are designated in the Restricted Fund for revenue and

expenditures of the Recovery Act funds.

b. Are there controls in place to ensure that Recovery Act funds are not commingled with other agency funds? Yes. The payroll accountant has been provided the names of the personnel whose jobs are being retained by the use of the Recovery Act funds and the designated account numbers in which to record monthly payroll for these employees. The compliance officer will review payroll data for these employees beginning October 2009, and monthly thereafter, to verify the correct recording in the Recovery Act accounts. A chart of accounts listing of Recovery Act accounts is attached to the monthly report form on which Recovery Act funds are requested. The financial activity in these accounts will be printed monthly to prepare the request of funds report and for use in the quarterly Section 1512 reporting. Also attached to the form is the Recovery Act account into which the receipt of the funds is to be recorded. A separate financial report of Recovery Act accounts only, which captures financial data in a different manner, will be printed by the contact person for use in verifying the financial data reported in the monthly reports.

c. Are existing internal controls sufficient to mitigate the risks of fraud, waste, and abuse? Yes. The college's plan for use of the stabilization funds has been provided to the Department of Postsecondary Education, and detailed information supporting this plan is in the ARRA files of the president, compliance officer, and contact person. An amended budget for 2009-2010 will be submitted when the new fiscal year begins which will report the Recovery Act funds budgeted revenue and expenditures for salaries and benefits of retained personnel in the newly designated Recovery Act accounts of the college. Contracts of employment of the retained personnel and time and effort reports will support the amounts recorded as expended in the salaries and benefits accounts. A financial report of Recovery Act funds showing budgeted and expended amounts will be printed monthly for review by the compliance officer, contact person, and president, and will be analyzed for adherence to the college's plan and projection of cumulative expenditures over the funding period. Separation of duties and review exists throughout the process: contract preparation, time and effort reports, payroll input and processing, ARRA monthly and quarterly reporting, website posting of reports, and oversight by the president.

**Management Response and Action Plan:**

**1. SYSTEM**

a. Are financial and operational systems configured to manage and control recovery funds? Yes. The college already receives restricted funds, federal, state and private, that require segregation and identification apart from other funds of the college. The college's financial and operational systems

track these type funds without problem, and the same process of segregation has been used in setting up the account numbers that are designated for the Recovery Act funds.

b. Can financial and operational systems support the increase in volume of contracts, grants and loans etc.? NA. We will not have an increase in any of these areas. The college's plan for the use of Recovery Act funds is to retain jobs.

c. Are the appropriate data elements identified that must be captured, classified and aggregated for analysis and reporting to meet Recovery Act requirements? Yes. The reporting requirements of the Department of Postsecondary Education and the State Finance Office identify the appropriate data elements. Initial monthly reports have been transmitted to the Department of Postsecondary Education where they have been reviewed. The revenue and expenditure data elements for the college's plan have been identified and segregated, and procedures are in place for accurate reporting and review of the college's receipt and use of Recovery Act funds.

**Management Response and Corrective Action Plan:**