REPRESENTATION LETTER REQUEST - STATEWIDE AUDIT

February 21, 2006

Ms. Angelica Martinez, Project Manager
State Auditor’s Office
P.O. Box 12067
Austin, Texas 78711-2067

The following representations are presented in connection with your examination of the Texas A&M University – Corpus Christi as of and for the year ended August 31, 2005. We understand that the purpose of your examination is to obtain the necessary audit coverage at the University to express an opinion as to the fair presentation of the State of Texas's financial statements for the year ended August 31, 2005. Therefore, we confirm, to the best of our knowledge and belief, the following representations made to you relating to your examination of the University:

Management Representations Related to Financial Audits

1. We are responsible for the fair presentation, in the financial statements, of financial position, results of operations, in conformity with generally accepted accounting principles.

2. We believe that the financial statements are fairly presented in conformity with generally accepted accounting principles.

3. We have included in the financial statements, as applicable, all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

4. We are responsible for compliance with the state and federal laws and regulations, the Office of the Comptroller of Public Accounts’ reporting requirements, and the provisions of contracts and grant agreements applicable to the University.

5. We are responsible for establishing and maintaining effective internal controls over financial reporting.

6. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
7. We have made available to you all:
   a. Financial records and related data.
   b. Minutes of the meetings of — (1) the Board of Regents, (2) minutes of the
      meetings of committees of the Board of Regents, and (3) summaries of
      actions of recent Board of Regents committee meetings for which minutes
      have not yet been prepared.
   c. Information concerning, but not limited to, interlocking boards, contracts,
      and transactions involving related parties such as board/commission
      members, employees, and foundations.

8. The University has complied with all aspects of contractual agreements that
   would have a material effect on the financial statements in the event of non-
   compliance.

9. There have been no communications from regulatory agencies concerning
   noncompliance with, or deficiencies in, financial reporting practices.

10. There are no material transactions that have not been properly recorded in the
    accounting records underlying the financial statements.

11. We acknowledge our responsibility for the design and implementation of
    programs and controls to prevent and detect fraud.

12. There has been no —
    a. Fraud involving management or employees who have significant roles in
       internal control.
    b. Fraud involving others that could have a material effect on the financial
       statements.

13. We have no knowledge of any allegations of fraud or suspected fraud affecting
    the University received in communications from employees, former employees,
    analysts, regulators, short sellers, or others.

14. We have no plans or intentions that may materially affect the carrying value or
    classification of assets and liabilities.

15. The following have been properly recorded or disclosed in the financial
    statements:
    a. Related-party transactions, including sales, purchases, loans, transfers,
       leasing arrangements, and guarantees, and amounts receivable from or payable to
       related parties.
    b. Guarantees, whether written or oral, under which the University is
       contingently liable.
c) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the American Institute of Certified Public Accountants' (AICPA) Statement of Position 94-6, Disclosure of Certain Significant Risks and Uncertainties. [Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.]

16. There are no violations or possible violations of federal or state laws or regulations, or of contracts and grant agreements, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency:

17. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Statement No. 5, Accounting for Contingencies.

18. There are not other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5.

19. The University has satisfactory title to owned assets, and there are no liens or encumbrances on assets nor have any assets been pledged as collateral.

20. As of the above date, all bank accounts and other financial accounts that were or could be construed to be assets of the University and all petty cash accounts and change funds have been recorded in the general ledger or other formal accounting records.

21. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.

22. We have disclosed to you whether during fiscal year 2005, the amount of the University’s (1) uncollateralized deposits or (2) uninsured, unregistered securities held by the counter-party or its trust department or agent, but not in the University’s name, significantly exceeded the amount in those categories as of August 31, 2005.

23. As of the above date, all receivables and inventories of consumable supplies (including postage) have been properly valued and recorded in the general ledger or other formal accounting records.

24. As of the above date, all direct liabilities - amounts payable, encumbered, or accrued for purchases, salaries and wages, expenses and capital outlays - have been recorded in the general ledger or other formal accounting records.
25. As of the above date, there were no commitments for the purchase or extension of the plant facilities or for the acquisition of other assets not in the ordinary course of operations, commitments to buy or sell securities, repurchase agreements, purchase commitments at prices involving prospective loss, or other undertakings which were not in the ordinary course of operations or that might have an adverse effect upon the University.

26. Net asset components and fund balance reserves and designations are properly classified and, if applicable, approved.

27. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

28. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

29. The methods and significant assumptions used to determine fair values of financial instruments and other investments are as follows: Fair market value is defined as the amount at which an investment could be exchanged in a current transaction between parties, other than in a forced or liquidation sale.

30. The following information about financial instruments with off-balance-sheet risk and financial instruments with concentrations of credit risk has been properly disclosed in the financial statements:

a) The extent, nature, and terms of financial instruments with off-balance-sheet risk.

b) The amount of credit risk of financial instruments with off-balance-sheet risk and information about the collateral supporting such financial instruments.

c) Significant concentrations of credit risk arising from all financial instruments and information about the collateral supporting such financial instruments.

31. Since the above date, there have been no events which would require an adjustment to or disclosure in the financial position or the revenues, expenditures, and other changes in fund balance as shown in the aforementioned financial statements.

32. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.

33. Special and extraordinary items are appropriately classified and reported.
34. We have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all their management decisions.

35. The University does not have any service organizations or other related parties.

36. We have disclosed to you any known noncompliance by the University occurring subsequent to the audit period.

37. We have disclosed to you whether, subsequent to the audit period, any changes in the University’s internal control over compliance or other factors that might significantly affect the internal control, including any corrective action taken with regard to reportable conditions, (including material weaknesses), have occurred.

Management Representations Related to Federal Awards

38. We are responsible for complying, and have complied, with the requirements of Circular A-133.

39. We have prepared the schedule of expenditures of federal awards in accordance with Circular A-133, and the Comptroller’s reporting requirements, and have included expenditures made during the period being audited for all awards provided directly or indirectly by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.

40. We are responsible for complying with the requirements of laws, regulations and the provisions of contracts and grant agreements related to each federal program.

41. We are responsible for establishing and maintaining effective internal control over compliance for federal programs that provides reasonable assurance that federal awards are managed in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on federal programs.

42. We have identified and disclosed to you the requirements of laws, regulations and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each federal program.

43. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence that have taken place with federal agencies or pass-through entities that relate to federal programs.

44. We have complied, in all material respects, with the compliance requirements in connection with federal awards.

45. We have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal awards including the results of other audits or program reviews.
46. We have provided to you our interpretations of any federal compliance requirements that have varying interpretations.

47. We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

48. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared, and are prepared on a basis consistent with that presented in the schedule of expenditures of federal awards.

49. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.

(Signature)

Flavius Killebrew
President/CEO
2/21/06

(Signature)

Robert Lovitt
Executive Vice President for Finance and Administration
2/21/06

(Signature)

Kathryn Funk-Baxter
Asst. Vice President & Comptroller
2/21/06