October 6, 2010

Rev-97-176-903-06-2010

VIA UNITED STATES CERTIFIED MAIL

Mr. Rick Summers
Superintendent
Deweyville ISD
P.O. Box 408
Deweyville, TX 77614

Subject: Letter of Observations

Dear Mr. Summers:

Auditors from the Division of Financial Audits conducted a review of the Title XIV ARRA grant (NOGA ID: 10557001176903) grant (the grant) awarded to Deweyville ISD (CDN: 176-903) (the subrecipient). The review was conducted through written correspondence and was limited to the records provided by the subrecipient in response to the auditors' formal correspondence dated June 18, 2010 and other informal inquiries. This correspondence and its attachments constitute the auditor's letter of observations.

Although the records submitted by the subrecipient remain subject to review by appropriate federal and/or state oversight entities, auditors consider this review closed. You will be notified in the event a follow up to the review is scheduled. We appreciate your cooperation during the conduct of our correspondence review. Should you have any questions, please contact Lance McMillan at (512) 463-9095.

Sincerely,

Roger Hingorani
Director of Special Monitoring Unit
Division of Financial Audits

Cc: Rita Chase, Director of Financial Audits

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Attachment A: Summary of Audit Objectives, Scope and Methodology

Objectives

The review was focused on the following objectives:

1. Whether the subrecipient's financial records accurately and completely accounted for the obligation, receipt, expenditure, and use of the grant funds.

2. Whether the subrecipient obligated, expended, received, and used grant funds in accordance with the purpose for which those funds were appropriated or otherwise authorized by laws, rules and regulations.

3. Whether the subrecipient complied with the reporting requirements of ARRA.

Scope and Methodology

Auditors focused their review on the subrecipient's compliance with certain fiscal and reporting requirements applicable to the ARRA Title XIV SFSF grant awarded to the subrecipient by the Texas Education Agency. However, auditors did not intend to scrutinize and did not examine every facet of the subrecipient's administration of the grant. Accordingly, the auditors' inquiry was limited to the records provided by the subrecipient. Auditors reviewed the subrecipient's records to determine if the subrecipient's fiscal and reporting requirements applicable to grant funds were met.

General Conclusion

Based upon their observations, auditors concluded that the subrecipient generally complied with the requirements promulgated in 34 CFR 80.20 and reporting requirements of ARRA.

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Attachment B: Auditors' Observations

Observations on Subrecipient's Administration of ARRA awards: Auditors examined detailed general ledger created and maintained by the subrecipient and assessed subrecipient's internal controls over quality of data, budgetary process and the use of ARRA funds. Based on their review of the documents provided by the subrecipient in response to their correspondence and other inquiries, auditors noted following observations.

1. The subrecipient maintained a detailed general ledger that complied with FASRG and 34 CFR 80.20(b)(2).

2. The subrecipient utilized its budget and encumbrance accounting systems to maintain effective control over the obligation and expenditure of grant funds that enabled it to compare budgeted amounts for the grant to the actual expenditures incurred and outlays of grant funds in accordance with 34 CFR /80.20(b)(4).

Observations on ARRA Reporting Requirements: Auditors reviewed documentation in support of the quarterly report filed for the quarter ended March 31, 2010 and noted that the subrecipient accurately compiled, calculated and reported the data on the quarterly report.

3. Auditors noted that the subrecipient provided adequate documentation to support the data reported in the quarterly report.

Observations on ARRA Infrastructure Expenditures: The subrecipient did not expend and/or have budgeted expenditures for infrastructure projects from ARRA funds.