

November 7, 2011

Rev-44-186-902-8-2011

VIA UNITED STATES CERTIFIED MAIL

Mr. Ralph Traynham  
Superintendent  
Fort Stockton Independent School District  
101 W Division Street  
Fort Stockton, TX 79735-7107

Subject: Final Letter of Findings and Observations

Dear Mr. Traynham:

Auditors from the Division of Financial Audits conducted an initial onsite review of the fiscal controls over federal grants awarded to Fort Stockton Independent School District (CDN 186-902) (the subrecipient). The review focused on the grants awarded to the subrecipient pursuant to the American Recovery and Reinvestment Act of 2009 (ARRA). The review was limited to the representations and records provided by the subrecipient in response to the auditors' formal correspondence dated July 15, 2011 and during the onsite visit conducted by auditors on August 18, 2011. Your response to the preliminary letter of findings dated October 19, 2011 has been incorporated into the body of the final report as deemed appropriate, and is included as Attachments B and C. This correspondence and its attachments constitute a final letter of findings and 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.

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: Janice Hollingsworth, Interim Director, Division of Financial Audits

November 7, 2011

Mr. Ralph Traynham  
Superintendent  
Fort Stockton Independent School District

Subject: Final Letter of Findings and Observations, Page 2

**Table of Contents**

Background .....	3
General Observations.....	3
Attachment A: Summary of Auditors' Findings.....	5
Observations on Subrecipient's Administration of ARRA awards.....	5
Internal Controls: General Observations.....	8
Summary of Audit Objectives, Scope and Methodology .....	9
Acronyms and Abbreviations Used In This Letter .....	11
Appendix A.....	12
Attachment B: Subrecipient's Response to Auditors' Report.....	14
Attachment C: Subrecipient's Proposed Corrective Action.....	15

November 7, 2011

Mr. Ralph Traynham  
Superintendent  
Fort Stockton Independent School District

Subject: Final Letter of Findings and Observations, Page 3

### Background

As discussed in their notification letter dated July 15, 2011, auditors from the Division of Financial Audits of the TEA initiated an onsite review of the fiscal controls over federal grants awarded to Fort Stockton Independent School District (CDN 186-902) pursuant to ARRA. Due to heavy emphasis on accountability and transparency on ARRA funded Grants, the primary focus of this review was to inquire about the subrecipient's fiscal controls in effect over ARRA funded awards and about the activities, functions, programs and services implemented by the subrecipient to provide a reasonable assurance of compliance with laws, rules, regulations, and guidance pertaining to the ARRA grants awarded to the subrecipient. Generally, auditors limited their review to the subrecipient's records supporting its compliance with grant requirements and accounting for its receipt and expenditures of grant funds of ARRA funded grants awarded to the subrecipient. As of July 14, 2011 the subrecipient filed expenditure reports to claim \$1,635,856.41 in expenditures from a total of \$2,330,396.00 ARRA funded grants awarded to the subrecipient (refer to Table A below).

<b>TABLE A</b>			
<b>Expenditures of NOGAs Awarded to Fort Stockton ISD as of July 14, 2011</b>			
<b>NOGA ID</b>	<b>NOGA Description</b>	<b>Amount Awarded</b>	<b>Amount Expended</b>
10554001186902	IDEA – Part B Formula - ARRA	\$472,071.00	\$472,042.41
10555001186902	IDEA – Part B Preschool - ARRA	\$12,273.00	\$12,273.00
10551001186902	Title I, Part A – ARRA/STIMULUS	\$445,196.00	\$413,189.67
10553001186902	Title II, Part D, Subpart 1 – ARRA	\$13,914.00	\$13,876.33
10557001186902	Title XIV – ARRA Title XIV SFSF	\$693,165.00	\$693,165.00
11557001186902	Title XIV – ARRA Title XIV SFSF	\$653,102.00	\$31,310.00
11550101186902	Education Jobs Fund Program	\$40,675.00	\$0.00
<b>Total Amount Awarded</b>		<b>\$2,330,396.00</b>	<b>\$1,635,856.41</b>

### General Observations

Based upon their review of the subrecipient's records, auditors observed the following:

1. **Observations on Subrecipient's Administration of ARRA awards:** Auditors examined financial records created and maintained by the subrecipient and assessed the subrecipient's internal controls over policies and procedures, quality of data, budgetary

November 7, 2011

Mr. Ralph Traynham  
Superintendent  
Fort Stockton Independent School District

Subject: Final Letter of Findings and Observations, Page 4

control of ARRA grants, cash management, time and effort reporting requirements and the use of ARRA funds. Based on their examination, auditors noted that in certain instances the subrecipient did not have adequate controls and/or maintain documentation to comply with certain federal requirements and standards of financial management. (Refer to Finding #1, Finding #2 and Observation #1 in the body of the letter.)

2. **Observations on ARRA Reporting Requirements:** Auditors reviewed the quarterly reports filed by the subrecipient and the documentation in support of the data accumulated and reported to TEA and noted that the subrecipient complied with the reporting requirements promulgated in Section 1512 (c) of American Recovery and Reinvestment Act of 2009.
3. **Observations on ARRA Infrastructure Expenditures:** Auditors examined the infrastructure project and noted the subrecipient had two infrastructure investment projects, a science lab from the 2009-2010 Title XIV – ARRA Title XIV SFSF grant and a mechanic shop from the 2010-2011 Title XIV – ARRA Title XIV SFSF grant. Auditors visited the projects onsite and noted that the subrecipient did not have in place controls and/or maintain documentation to comply with Section 1605 (Buy American) and Section 1606 (Davis Bacon) of ARRA. Auditors observed that the 2010-2011 mechanic shop project was in the beginning stages and would not be completed by the grant-end date. At the recommendation of auditors and subsequent to the onsite visit, the subrecipient submitted a budget amendment to the TEA to remove the infrastructure investment costs from the two grants.

### **Overall Conclusion**

Based upon their review of the subrecipient's records, auditors observed that, with the exception of two (2) instances, the subrecipient generally implemented certain fiscal controls to ensure the proper administration of the grant and to facilitate its compliance with the requirements promulgated by the United States Department of Education in Section 80.20 of Title 34 of the Code of Federal Regulations (34 CFR 80.20), Office of Management and Budget (OMB) Circular A-87 and American Recovery and Reinvestment Act of 2009 (ARRA). The auditors' findings and observations are discussed in the body of the letter.

### **Questioned Costs**

\$0.00

### **Recommendations**

The subrecipient should review this letter and provide its response on Attachments B and C, and include any relevant documentation supporting its response.

### **Summary of Subrecipient's Response**

In their response and corrective action letter dated November 11, 2011, the subrecipient concurred with the auditors' findings and observations. The response indicated that the subrecipient would review their internal control policies and procedures to ensure that they are managing federal awards appropriately and will comply with laws, regulations, and agreements. See Attachments B and C.

November 7, 2011

Mr. Ralph Traynham  
Superintendent  
Fort Stockton Independent School District

Subject: Final Letter of Findings and Observations, Page 5

### **Auditor's Addendum**

Auditors reviewed the subrecipient's response and corrective actions and concur with the subrecipient. As a result, the questioned costs have been removed.

### **Attachment A: Summary of Auditors' Findings**

#### **Observations on Subrecipient's Administration of ARRA awards**

**Finding #1.** In various instances, the subrecipient charged costs to grant funds that were not allowed by federal law and rules and other applicable grant requirements promulgated in 34 CFR 80.20(b)(5).

#### Statements of Fact

Auditors selected a total sample of ten (10) non-payroll transactions including three (3) transactions from IDEA-B Formula – ARRA (fund 283), one (1) transaction from IDEA-B Preschool (fund 284), four (4) transactions from Title I, Part A – ARRA (fund 285), one (1) transaction from Title II, Part D – ARRA (fund 279), and one (1) transaction from Title XIV SFSF – ARRA (fund 266) and examined the documentation in support of the expenditures charged to the applicable grant. See Appendix A.

Specifically, auditors observed the following instances of noncompliance and/or weaknesses in internal controls.

- a) In two (2) instances, auditors noted that the subrecipient expended grant funds for unallowable costs. Specifically, auditors noted that the subrecipient expended grant funds for snack costs for in-service training for teachers and para-professionals. Food costs are only allowed for working lunches in which the training lasts all day (at least 6 hours) and either it is impractical for participants to obtain lunch (isolated/distance to eateries), or there was no opportunity for a normal lunch break. The grant guidelines indicate that other food costs, including beverages and other refreshments, breaks, or snacks are not permitted. In both of the tested transactions, the subrecipient expended grant funds for snacks in the morning (AM) and evening (PM) that were not allowed, therefore, auditors questioned the costs of the snacks provided in the amount of \$3,076.00. (See Items #7 and #8 in Appendix A)
- b) In three (3) instances, auditors noted that the subrecipient received an invoice (or payment request) prior to the date an approved purchase order was issued. (See Items #6, #7, and #8 in Appendix A)
- c) In two (2) instances, auditors noted that the costs charged or assigned to the grant were incorrectly coded in the general ledger. Specifically, auditors noted that the subrecipient coded capital outlay expenditures (6600) in the general ledger as professional services (6200). Auditors also noted the subrecipient coded payroll related expenditures (6100) in the general ledger as professional services (6200). (See Items #1 and #5 in Appendix A)

November 7, 2011

Mr. Ralph Traynham  
Superintendent  
Fort Stockton Independent School District

Subject: Final Letter of Findings and Observations, Page 6

Based on their examination of the subrecipient's accounting and other grant records, auditors noted that of the ten (10) non-payroll transactions tested, five (5) transactions failed attributes that would have demonstrated compliance with 34 CFR 80.20(b)(5), therefore auditors questioned costs in the amount of \$3,076.00. See Appendix A.

### **Conclusion**

The subrecipient's internal control weakness may adversely affect its ability to comply with 34 CFR 80.2074.21(b)(5) to properly administer grants funds. Consequently, the subrecipient's failure to implement an adequate system of internal controls may place grant funds at risk of being misused and impede the subrecipient's ability to expend grant funds for the purposes stipulated and costs allowed in federal law and rules.

### **Finding Type**

Compliance/Internal Controls

### **Questioned Costs**

\$0.00

### **Recommendation**

The subrecipient should ensure that all expenditures are compared to the approved budget in the grant application. The subrecipient should monitor the effective implementation of its internal controls over federal awards by ensuring that the individual responsible for the final approval of expenditures (i.e. purchase order, travel itineraries) and disbursement reviews the accounting records for each individual transaction to ensure that the subrecipient's internal controls were properly maintained. Specially, the subrecipient should ensure that all expenditures of grant funds are allowable per the grant guidelines.

### **Summary of subrecipient's Response**

See Attachments B and C.

### **Auditor's Addendum**

Auditors reviewed the corrective actions by the subrecipient and noted the subrecipient will ensure that all expenditures of grant funds are allowable per the grant guidelines by reviewing the accounting records for each transaction to ensure that the internal controls are maintained. As a result, the questioned costs have been removed.

***Finding #2.*** The subrecipient charged payroll costs to the grant that were not allowed by federal law and rules and other applicable grant requirements.

### **Statements of Fact**

Auditors selected a total sample of ten (10) payroll transactions including ten (10) transactions

November 7, 2011

Mr. Ralph Traynham  
Superintendent  
Fort Stockton Independent School District

Subject: Final Letter of Findings and Observations, Page 7

from Title I, Part A – ARRA (fund 285) and examined the documentation in support of the expenditures charged to the applicable grant.

Specifically, auditors observed the following instances of noncompliance and/or weakness in internal controls.

Auditors examined the personnel activity reports maintained by the employees who were split-funded between Title I, Part A ARRA funds and local funding sources and observed the following.

- a) Auditors examined the personnel activity reports maintained by four (4) employees split-funded between Title I, Part A ARRA and local funding sources and observed that employees consistently reported budgeted time on their personnel activity report which did not conform to time and effort reporting requirements promulgated in OMB A-87. On further examination of the employees' class schedules, auditors observed that they did not reconcile with the percentages reported on the activity reports because the employees performed the same duties throughout the day regardless of funding sources. Auditors were informed by the subrecipient personnel that employees reported their budgeted time on the activity reports strictly because of funding sources and not based on the work performed. Subrecipient stated that since those employees worked on the school-wide campus, which the subrecipient treated as a single cost objective, the employees were not obligated to report work performed to match with the budgeted costs.
- b) Auditors were also informed that prior to ARRA funding these four (4) split-funded employees were fully funded from local funds and will be fully funded locally after the ARRA funding is finished. Subrecipient explained that the main reason for split-funding these employees' payroll was to save the jobs of these individuals with ARRA funds.
- c) Based on the information noted above auditors concluded that by attributing specific percentages of payroll costs to the Title I Part A ARRA grant, the subrecipient did not demonstrate that funds used for the program were used to supplement (*increase the level of services*) and not supplant (*replace*) funds from non-Federal sources.
- d) For the school-wide program, Title I, Part A funds should only be used to supplement the amount of funds available from non-federal sources for the campus, including funds to provide services that are required by law for children with disabilities and children with limited English proficiency. The subrecipient did not provide any documentation to comply with such requirement.

## Conclusion

The subrecipient's failure to implement and comply with requirements promulgated in OMB Circular A-87 and/or supplement/supplant program requirements could place grant funds at risk of being misused and impede the subrecipient's ability to expend grant funds for the purposes stipulated and costs allowed in federal law and rules.

November 7, 2011

Mr. Ralph Traynham  
Superintendent  
Fort Stockton Independent School District

Subject: Final Letter of Findings and Observations, Page 8

**Recommendation**

The subrecipient should review its existing policies and procedures and update and/or implement adequate internal control policies and procedures to ensure reasonable assurance that it is managing federal awards appropriately and is complying with laws, regulations, and the provisions of grant agreements.

**Summary of subrecipient's Response**

See Attachments B and C.

**Auditor's Addendum**

Auditors reviewed the corrective actions by the subrecipient and noted that the subrecipient will review its internal control policies and procedures to ensure that the subrecipient is managing federal awards appropriately and complying with laws, regulations, and agreement. Auditors concur with the subrecipient's response and corrective actions.

**Internal Controls: General Observations**

**Observation #1.** Auditors observed that the subrecipient did not maintain adequate policies and procedures to comply with the standards for financial management systems promulgated at 34 CFR 80.20(b)(3).

Statements of Fact

Specifically, auditors observed that the subrecipient did not maintain locally developed policies and procedures which described the following.

- a) The subrecipient did not have specific policies and procedures that addressed the preparation, review, approval and submission of expenditure reports for federal awards.
- b) The subrecipient did not have written policies and procedures about cash management. (Draw-downs)

**Recommendations**

The subrecipient should review its existing policies and procedures and update and/or implement adequate internal control policies and procedures to provide reasonable assurance that it is managing federal awards appropriately and is complying with laws, regulations, and the provisions of grant agreements.

November 7, 2011

Mr. Ralph Traynham  
Superintendent  
Fort Stockton Independent School District

Subject: Final Letter of Findings and Observations, Page 9

## Summary of Audit Objectives, Scope and Methodology

### Objectives

The review focused on the following objectives.

- Whether the subrecipient developed written policies and procedures for the effective control of ARRA funds.
- Whether the subrecipient's financial records accurately and completely accounted for the obligation, receipt, expenditure, and use of the ARRA grant funds.
- Whether financial, program, and other reports filed by the subrecipient were fairly presented and properly supported by the subrecipient's source documentation.

### Scope

Consistent with the objectives of the review identified above, auditors limited the scope of their work to the subrecipient functions and activities implemented in support of the intent and objectives of the grant noted in the Table B below for the grant periods indicated.

<b>TABLE B Individual NOGAs Selected for Audit</b>			
<b>NOGA ID</b>	<b>NOGA Description</b>	<b>Begin Date</b>	<b>End Date</b>
10554001186902	IDEA – Part B Formula - ARRA	8/7/2009	9/30/2011
10555001186902	IDEA – Part B Preschool - ARRA	8/7/2009	9/30/2011
10551001186902	Title I, Part A – ARRA/STIMULUS	6/8/2009	9/30/2011
10553001186902	Title II, Part D, Subpart 1 – ARRA	9/24/2009	9/30/2011
10557001186902	Title XIV – ARRA Title XIV SFSF	9/15/2009	9/30/2010
11557001186902	Title XIV – ARRA Title XIV SFSF	9/1/2010	9/30/2011
11550101186902	Education Jobs Fund Program	8/10/2010	9/30/2012

### Methodology and Timeline

After completing certain desk audit procedures, auditors conducted an onsite visit on August 18, 2011. Subsequent to their onsite visit, auditors continued to perform desk audit procedures. Auditors conducted inquiries and reviewed the subrecipient's records to determine if the fiscal requirements applicable to federal awards were met. In general, auditors performed the following audit procedures.

November 7, 2011

Mr. Ralph Traynham  
Superintendent  
Fort Stockton Independent School District

Subject: Final Letter of Findings and Observations, Page 10

1. Auditors researched the federal and state laws and rules and the grant and program requirements applicable to the grants listed in Table B.
2. Auditors reviewed organizational charts and local policy and procedure manuals and other authoritative records to understand the subrecipient's organizational structure and identify internal controls and processes.
3. Auditors reviewed financial and accounting records created and maintained by the subrecipients to ensure that included budgetary data consistency with budget approved by TEA for each grant and maintained financial accounting system that enabled the subrecipient personnel to compare budgeted amounts for each grant to the expenditures incurred and outlays of grant funds.
4. Auditors examined the documentation in support of quarterly reports filed by the subrecipient pursuant to Section 1512 of ARRA reporting requirements to ensure accuracy of data reported to TEA.
5. Auditors examined documentary evidence for post-payment of selected ARRA fund expenditures including, but not necessarily limited to; payroll records, time and effort records, financial accounting reports, original third-party documents such as billing statements, invoices and receipts, personnel files, contracts, and policies and procedures.
6. Auditors examined the documentation in support of Infrastructure project (if applicable) paid with ARRA funds to ensure that the subrecipient complied with certification requirements pursuant to section 1511 of ARRA, Buy American provisions of ARRA pursuant to section 1605 of ARRA and Davis Bacon Act pursuant to section 1606 of ARRA.
7. Auditors interviewed subrecipient personnel and other agents about the activities, functions, programs and services implemented for the grant and the records created and maintained for the grant.
8. Auditors conducted an onsite visit and completed work programs and the related working papers.
9. Auditors applied certain criteria including, but not necessarily limited to, the requirements discussed in the Financial Accountability System Resource Guide, Title 34 Code of Federal Regulations 80.20, the American Recovery and Reinvestment Act of 2009, PL-111-5 (Recovery Act), OMB Circulars A-87, and A-133, and the applicable request for application and approved grant application, as amended.

November 7, 2011

Mr. Ralph Traynham  
Superintendent  
Fort Stockton Independent School District

Subject: Final Letter of Findings and Observations, Page 11

### **Acronyms and Abbreviations Used In This Letter**

<b>Acronym</b>	<b>Acronym Description</b>
ARRA	American Recovery and Reinvestment Act of 2009
CDN	County District Number
CFR	Code of Federal Regulations
34 CFR	Title 34 of the CFR Note: This acronym is usually followed by the section of the CFR referenced in the report. For instance, section 80.20 of 34 CFR is referenced as 34 CFR 80.20.
FASRG	Financial Accountability System Resource Guide
ID	Identification
IDEA	Individuals with Disabilities Education Improvement Act of 2004
ISD	Independent School District
NCLB	No Child Left Behind Act of 2001
NOGA	Notice of Grant Award
OMB	Office of Management and Budget
P.L.	Public Law
SFSF	State Fiscal Stabilization Fund
TEA	Texas Education Agency
TEC	Texas Education Code
Title I, Part A	Title I, Part A of the Elementary and Secondary Education Act of 1965, as amended

November 7, 2011

Mr. Ralph Traynham  
 Superintendent  
 Fort Stockton Independent School District

Subject: Final Letter of Findings and Observations, Page 12

<b>Appendix A</b>						
<b>Item No.</b>	<b>Ref. Number</b>	<b>Transaction Date</b>	<b>Payee</b>	<b>Costs Examined</b>	<b>Amount Questioned</b>	<b>Attribute Failed</b>
<b>IDEA-B Formula - ARRA, NOGA ID: 10554001186902</b>						
1	023743	8/31/09	McComas & Associates	\$13,267.00	\$0.00	B
2	025486	2/25/10	Abacus Computers, Inc	\$58,719.00	\$0.00	
3	PAYABLE	5/30/11	Experia USA	\$4,733.62	\$0.00	
<b>IDEA-B Preschool - ARRA, NOGA ID: 10555001186902</b>						
4	027893	10/11/10	Walmart Community	\$185.88	\$0.00	
<b>Title I, Part A – ARRA, NOGA ID: 10551001186902</b>						
5	P60225	2/25/10	FEB-Payroll Distribution	\$917.25	\$0.00	B
6	010214	7/15/10	TASB – PO#13317	\$16,000.16	\$0.00	F
7	027240	8/10/10	Texas Refreshments Corp.	\$686.00	\$686.00	A, F
8	027487	8/31/10	Texas Assoc/School -	\$2,390.00	\$2,390.00	A, F
<b>Title II, Part D – ARRA, NOGA ID: 10553001186902</b>						
9	028933	1/31/10	Embassy Suites Town Lake	\$1,920.84	\$0.00	
<b>ARRA Title XIV SFSF, NOGA ID: 10557001186902</b>						
10	All	All	All	\$718,417.00	\$0.00	D
<b>Total Non-Payroll Questioned Cost</b>					<b>\$3,076.00</b>	

**Non-Payroll Attributes Tested**

- A – Use of funds was reasonable and necessary to further the statutory purpose of the grant.
- B – Costs were chargeable or assignable to the grant in accordance with the relative benefits received.
- C – Goods or services purchased were supported by the DIP/CIP.
- D – Did the purchase comply with ARRA requirements including prohibited costs

November 7, 2011

Mr. Ralph Traynham  
Superintendent  
Fort Stockton Independent School District

Subject: Final Letter of Findings and Observations, Page 13

(Section 14003), Buy American (Section 1605), Davis Bacon (Section 1606), and Web Posting (Section 1511) (capital outlay, if applicable).

- E – Accounting record included an original and complete internal accounting document (e.g.: executed contract, purchase order, payment authorization form, expense reimbursement, Form W-4, etc).
- F – The purchase order was issued prior to the date of the vendor's invoice.
- G – The accounting record included an original and complete third party document (e.g.: invoice, itemized receipt, utility bill, bank deposit, etc).
- H – The accounting record indicated the transaction was approved by authorized individuals.
- I – The item was approved in the program budget, as amended. (Note: if the costs and/or activity was approved on a specific line item or schedule).
- J – The purchase adhered to the comparative bidding requirements (if applicable).
- K – Determine if the costs were incurred and good/services were received after the start and before the end of the grant period.

November 7, 2011

Mr. Ralph Traynham  
Superintendent  
Fort Stockton Independent School District

Subject: Final Letter of Findings and Observations, Page 14

**Attachment B: Subrecipient's Response to Auditors' Report**

RT  
(Please Initial) The subrecipient concurred with the auditors' observations, general conclusion, assessment of risk and recommendation. Additionally, the subrecipient enclosed the attached proposed corrective action to address the auditors' observations.

\_\_\_\_\_  
(Please Initial) I disagree with the findings, recommendations and required actions and have included a written response, including copies of supporting documentation, discussing my disagreement with the findings in this preliminary letter of findings.

\_\_\_\_\_  
(Please Initial) The subrecipient concurred with only the observations noted below and enclosed the attached proposed corrective action to address the auditors' findings. However, the subrecipient did not concur with the other finding, as noted below, and has enclosed a written response discussing its disagreement. In this latter regard, the subrecipient has also enclosed copies of documents that support its disagreement with the contents of the preliminary letter of findings.

Finding	Subrecipient Concurred	
	Yes	No
01		
02		

I, the undersigned, attest and affirm that our response above and the supporting attachments, C through C, constitute an accurate and complete response from the subrecipient to the findings and recommendations discussed in the preliminary letter of findings dated October 19, 2011 from the Division of Financial Audits. .

Ralph Traynham  
Superintendent's Signature

11-1-11  
Date Signed

November 7, 2011

Mr. Ralph Traynham  
Superintendent  
Fort Stockton Independent School District

Subject: Final Letter of Findings and Observations, Page 15

**Attachment C: Subrecipient's Proposed Corrective Action**

Finding / Observation: 1 & 2

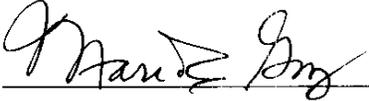
**Actions taken or planned for correction:**

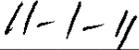
Finding 1: Fort Stockton ISD will ensure that all expenditures of grant funds are allowable per the grant guidelines by reviewing the accounting records for each transaction to ensure that our internal controls are properly maintained.

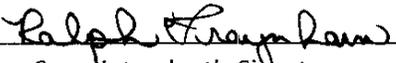
Finding 2: Fort Stockton ISD will review our internal control policies and procedures to ensure that we are managing federal awards appropriately and complying with laws, regulations and agreements.

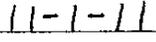
**Responsibilities and timetable for the above actions:**

Findings 1 & 2: Actions taken for correction to the above findings are put in place immediately. The business manager will oversee all corrective actions.

  
\_\_\_\_\_  
Fiscal Contact Signature  
(Preparer)

  
\_\_\_\_\_  
Date Signed

  
\_\_\_\_\_  
Superintendent's Signature  
(Approver)

  
\_\_\_\_\_  
Date Signed

November 7, 2011

Mr. Ralph Traynham  
Superintendent  
Fort Stockton Independent School District

Subject: Final Letter of Findings and Observations, Page 16

**Attachment C: Subrecipient's Proposed Corrective Action**

Finding / Observation: 1

**Actions taken or planned for correction:**

Observation 1: Fort Stockton ISD will review our internal control policies and procedures to ensure that we are managing federal awards appropriately and complying with laws, regulations and agreements.

**Responsibilities and timetable for the above actions:**

Observation 1: Actions taken for correction to the above findings are put in place immediately. The business manager will oversee all corrective actions.

  
\_\_\_\_\_  
Fiscal Contact Signature  
(Preparer)

11-1-11  
Date Signed

  
\_\_\_\_\_  
Superintendent's Signature  
(Approver)

11-1-11  
Date Signed