

May 16, 2011

VIA UNITED STATES CERTIFIED MAIL 7010 1060 0002 2773 6701

Mr. Troy C. Mircovich  
Superintendent  
Ingleside Independent School District  
664 San Angelo  
Ingleside, TX 78362-1313

Subject: Final Letter of Observations and Findings

Dear Mr. Troy C. Mircovich:

Auditors from the Division of Financial Audits conducted a review of the fiscal controls over federal grants awarded to Ingleside Independent School District (CDN: 205-903) (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 November 19, 2010 and during the onsite visit conducted by auditors on December 6, 2010. Your response to the preliminary letter of observations and findings dated April 14, 2011 has been incorporated into the body of this final letter of observations and findings as deemed appropriate, and is included as Attachments A and B.

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.

Should you have any questions, please contact the undersigned at (512) 463-9095.

Sincerely,

Roger Hingorani  
Director of Special Monitoring Unit  
Division of Financial Audits

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Superintendent  
Ingleside Independent School District

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Cc: Yolanda Cantu, Director, Division of Formula Grants Administration  
Rita Chase, Director, Division of Financial Audits  
Kathy Clayton, Senior Director, Division of IDEA Coordination  
Cory Green, Senior Director, Division of NCLB Program Coordination  
Earin Martin, Chief Grants Administrator

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**Background:**

As discussed in their notification letter dated November 19, 2010, auditors from the Division of Financial Audits of the TEA initiated an onsite review of the fiscal controls over federal grants awarded to Ingleside Independent School District (CDN: 205-903) 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 November 19, 2010 the subrecipient filed expenditure reports to claim a total of \$957,912.64 in expenditures from the total of \$1,181,669.00 ARRA funded grants awarded to the subrecipient.

<b>TABLE A</b>			
<b>NOGAs Awarded to Ingleside Independent School District as of 11/19/2010</b>			
<b>NOGA ID</b>	<b>NOGA Description</b>	<b>Amount Awarded</b>	<b>Amount Expended</b>
10554001205903	IDEA B Formula – ARRA-LEA	\$426,264.00	\$260,254.49
10555001205903	IDEA B Pre-School – ARRA-LEA	\$11,017.00	\$9,165.07
10551001205903	Title I, Part A – ARRA/STIMULUS	\$144,379.00	\$130,996.64
10553001205903	ARRA - Title II, D Technology	\$4,510.00	\$4,445.00
11557001205903	ARRA Title XIV SFSF	\$595,499.00	\$553,051.44
<b>Total Amounts</b>		<b>\$1,181,669.00</b>	<b>\$957,912.64</b>

**General Observations:**

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

1. **Observations on the 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 reported, budgetary control, cash management, time and effort reporting requirements and the use of ARRA funds for payroll and non-payroll expenditures. Based on their examination, auditors observed that in certain instances subrecipient did not maintain an effective financial management system that met the required standards to ensure the appropriate expenditure of grant funds for the purposes stipulated and costs allowed in federal law and rules. Refer

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to findings #1, and #2 in the body of this 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 did not demonstrate that it adequately comply with the reporting requirements promulgated in Section 1512 (c) of American Recovery and Reinvestment Act of 2009. Refer to Finding #3
3. **Observations on ARRA Infrastructure Expenditures:** The subrecipient expended SFSE grant funds for infrastructure investment projects (modernization, renovation, and repair of public school facilities). The subrecipient demonstrated that it generally complied with all laws, rules and regulations promulgated in the American Recovery and Reinvestment Act of 2009 for infrastructure investment projects. Refer to general observations in the body of this letter.

### **Overall Conclusion**

Based upon their review of the subrecipient's records, auditors observed that the subrecipient did not adequately implement 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' observations and findings are discussed in the body of this letter.

### **Questioned Costs**

\$24,346.86

### **Recommendations**

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

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

The subrecipient concurred with the auditors' findings and subsequently provided a corrective action plan. See attachment A and attachment B.

### **Auditor's Addendum**

Auditors reviewed the subrecipient's response dated April 14, 2011 to the Preliminary Letter of Observations and Findings and the documentation submitted with the response. Auditors concur with the subrecipient's response and the proposed corrective action plan to address the findings reported in the Preliminary Letter of Observations and Findings.

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**Observations on the Subrecipient's Administration of ARRA awards:**

**Finding # 1:** The subrecipient did not maintain effective budgetary control of grant expenditures. As a result, the subrecipient did not demonstrate that it adequately complied with the standards for financial management systems promulgated in 34 CFR 74.21(b) (4)

Statements of Fact

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

- a. Based on their examination the detailed general for the ARRA Title XIV SFSF grant for the fiscal year 2009-2010, auditors noted that the subrecipient charged expenditures under object code 6249 for the grant. The grant application as amended for ARRA Title XIV SFSF awarded did not indicate costs approved under object code 6200. As a result auditors disallowed the costs and questioned the \$22,241.79 charged to the grant.
- b. The detailed general ledger for the ARRA Title XIV SFSF grant for the fiscal year 2009-2010 indicated that expenditures totaling \$319,242.56 were charged to the grant under object 6629. However, only \$80,000 of the \$319,242.56 expenditures charged to the grant were approved in the grant application of ARRA Title XIV SFSF grant as amended for the fiscal year 2009-2010. As per the grant requirements all expenditures charged to object code 6629 must be approved in the grant application as amended. Auditors were informed that the items purchased were approved as capital outlays under object code 6600 were mistakenly coded under object code 6629.

**Conclusion**

The subrecipient's failure to implement an adequate system of internal controls placed grant funds at risk of being misused and impeded the subrecipient's ability to expend grant funds for the purposes stipulated and costs allowed in federal law and rules.

**Finding Type**

Compliance/Internal Control

**Questioned Costs**

\$22,241.79

**Required Action**

Auditors recommend that the subrecipient amend the budget to get the approval for the expenditures charged to the grant to avoid questioned costs. Additionally, the subrecipient should correct the coding errors and post transactions under appropriate budget and submit the corrected general ledger as part of the corrective action plan.

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## **Recommendations**

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.

## **Subrecipient's Response**

The subrecipient concurred with the auditors' finding and subsequently provided a corrective action plan. See attachment A and attachment B.

## **Auditor's Addendum**

Auditors concur with the subrecipient's response and the proposed corrective action plan.

**Finding # 2:** The subrecipient did not maintain time and effort records to support the payroll costs charged to the applicable grant and lacked policies and procedures that identified the processes and forms that it would use to ensure compliance with the time and effort requirements promulgated in OMB Circular A-87.

## **Statement of Fact**

Auditors selected a total sample of five (5) of payroll transactions including three (3) transactions from IDEA-B Formula – ARRA, (fund code 283), two (2) transactions from IDEA-B Preschool – ARRA, number and examined the documentation in support of the payroll costs charged to the applicable grant (refer to Appendix A).

1. Specifically, auditors observed the following instances of noncompliance and/or weaknesses in internal controls.
  - a) The personal activity reports maintained by the subrecipient for the payroll costs charged to IDEA-B Formula (Fund code 283) and IDEA-B Preschool (Fund code 284) did not comply with requirements promulgated in the OMB circular A-87. The activity reports did not indicate after-the-fact distribution of actual time spent on each activity and each fund source (refer to item #1, #2 and #3 of Appendix A).
  - b) Activity reports provided for four transactions tested did not match with the pay period selected for the transactions (refer to item #1, #2 and #4 and #5 of Appendix A).
  - c) The subrecipient did maintain on file a signed and dated job description, agreement or equivalent documentation identifying the function(s) and activities performed for fund sources before or after their normal work day.
2. Auditors reviewed the subrecipient's policies and procedures demonstrating subrecipient's compliance with the requirements promulgated in OMB A-87 and noted the following:

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- a) The subrecipient's policies and procedures did not require the preparation of an internal accounting record for each position that identified the individual employed, their functional title, and the amount of their salary and other compensation charged to each local, state or federal fund source/program.
- b) The subrecipient's policies and procedures did not address or require each job description describe the work performed by the employee for each program/fund source.
- c) The subrecipient does not have an appropriate and adequate time and effort reporting system, including proper separation of duties, review and approval of time worked, semi-annual certifications, and verify that time worked is properly charged to the correct cost accounting code(s).

Based on their examination of the subrecipient's accounting and other grant records, auditors questioned \$2,105.07 in payroll costs charged to the grant. Refer to Appendix A.

### **Conclusion**

The subrecipient's failure to implement and comply with time and effort requirements promulgated in OMB Circular A-87 placed grant funds at risk of being misused and impeded the subrecipient's ability to expend grant funds for the purposes stipulated and costs allowed in federal law and rules.

### **Finding Type**

Compliance/Internal Control

### **Questioned Costs**

\$2,105.07

### **Recommendations**

The subrecipient should implement effective time and effort reporting requirements to comply with OMB Circular A-87, to ensure reasonable assurance that it is managing federal awards appropriately and is complying with laws, regulations, and the provisions of grant agreements.

As per the guidance provided by TEA, the subrecipient should maintain a current job description for each employee which delineates the program(s) or cost objectives under which the employee works should be available for documentation to support charges to federal programs. For teachers and instructional aides, daily class schedules should provide adequate documentation. However, teachers and instructional aides must maintain on file a signed and dated job description, agreement or equivalent documentation identifying the function(s) and activities performed for fund sources before or after their normal work day. Job descriptions must be updated annually or when a function or activity is added to or deleted from an existing job description, must clearly identify the function and activities performed by the employee for the applicable fund source(s) or cost objective, and must be maintained in the employee's personnel file (refer to the following web-link).

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<http://www.tea.state.tx.us/index4.aspx?id=4480>).

### **Subrecipient's Response**

The subrecipient concurred with the auditors' findings and subsequently provided a corrective action plan. See attachment A and attachment B.

### **Auditor's Addendum**

Auditors concur with the subrecipient's response and proposed corrective action plan.

### **Internal Controls-General Observations**

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

1. The subrecipient's policies and procedures did not include a description of the process that subrecipient personnel were required to follow for the expenditure of grant funds through corporate accounts and/or revolving lines of credit as follows.
  - a) The subrecipient's policies and procedures did not address or require the monitoring of corporate account and/or revolving line of credit activities to identify inappropriate use of funds.
  - b) The subrecipient's policies and procedures did not have established criteria for identifying staff members authorized to use purchase cards.

### **Observations on ARRA Reporting Requirements:**

**Finding # 3:** The subrecipient did not demonstrate that it complied with the reporting requirements promulgated in Section 1512 of American Recovery and Reinvestment Act of 2009.

#### Statement of Fact

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

1. The subrecipient did not maintain adequate documentation to support the number of FTEs it reported on the quarterly report submitted to TEA for the quarter ended September 30, 2010.
2. Auditors examined the payroll records and noted that several employees that were reported as full FTEs for the quarter were not fully funded with ARRA funds. However, the subrecipient failed to prorate their FTEs as per the percentages of their payroll costs charged to the grant.

### **Conclusion**

The subrecipient's failure to implement and comply with reporting requirements promulgated in

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Section 1512 of may impede subrecipient's ability to expend grant funds for the purposes stipulated and costs allowed in federal law and rules.

### **Finding Type**

Compliance/Internal Control

### **Questioned Costs**

None

### **Recommendations**

The subrecipient should update and/or implement adequate internal controls to ensure reasonable assurance that it is complying with reporting requirements of ARRA, laws, regulations, and the provisions of grant agreements.

The estimate of the number of jobs required by the ARRA should be expressed as FTEs, which is calculated as total hours worked in jobs created or retained divided by the number of hours in a full-time schedule, as defined by the recipient within the reporting quarter. These FTEs are then adjusted to count only for the portion of the job funded by ARRA. Refer to the following web-link for Section 1512 reporting requirements of ARRA.  
<http://www.tea.state.tx.us/arrastimulus/reporting/>

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

### **Subrecipient's Response**

The subrecipient concurred with the auditors' findings and subsequently provided a corrective action plan. See attachment A and attachment B.

### **Auditor's Addendum**

Auditors concur with the subrecipient's response and corrective action plan.

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**Observations on ARRA Infrastructure Expenditures:**

Auditors reviewed documentation in support of the infrastructure expenditures charged to ARRA Title XIV SFSF the funds and noted the following observations.

The subrecipient provided the list of prevailing wages paid by the contractor to comply with Davis-Bacon Act provisions of ARRA. However, the contractual agreements provided by the subrecipient did not specify that the subrecipient required contractor and subcontractors to comply with the Davis Bacon provisions of ARRA and required them to submit documentation for verification. The Davis Bacon Act provisions of ARRA (1606) requires the subrecipient to ensure that their contractors or their subcontractors are required to pay workers employed directly upon the site of the work no less than the locally prevailing wages and fringe benefits paid on projects of a similar character.

**Required Action:** The subrecipient should ensure that all actual expenditures for infrastructure projects comply with the rules and regulations of the Davis Bacon (1606) and Buy American (1605) provisions of ARRA.

Should the subrecipient be unable to comply with these provisions, it is recommended that the subrecipient file for a budget amendment with TEA to remove the infrastructure project from SFSF grant and reclassify the project cost to another funding source. At the district's preference and approved through a grant amendment, the unexpended funds could then be utilized for utility or payroll expenses. Please refer to TEA correspondence dated January 10, 2011 on the TEA web site for further guidance on removing infrastructure project from the grant <http://ritter.tea.state.tx.us/taa/arra01102011>.

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## Summary of Audit Scope, Objectives and Methodology

### Objectives, Scope, Methodology and Timeline

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 A below for the grant periods indicated.

<b>TABLE A Individual NOGAs Selected for Audit</b>			
<b>NOGA ID</b>	<b>NOGA Description</b>	<b>Begin Date</b>	<b>End Date</b>
10554001205903	IDEA B Formula – ARRA-LEA	08/25/2009	09/30/2011
10555001205903	IDEA B Pre-School – ARRA-LEA	08/25/2009	09/30/2011
10551001205903	Title I, Part A – ARRA/STIMULUS	04/27/2009	09/30/2011
10553001205903	ARRA - Title II, D Technology	10/16/2009	09/30/2011
11557001205903	ARRA Title XIV SFSF	09/01/2010	09/30/2011

### Methodology and Timeline

After completing certain desk audit procedures, auditors conducted an onsite visit on December 6, 2010 through December 7, 2010. 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.

1. Auditors researched the federal and state laws and rules and the grant and program requirements applicable to the grants listed in Table A.

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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 1605 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.

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### **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

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<b>Appendix A</b>						
<b>Item No.</b>	<b>Ref. Number</b>	<b>Check Date</b>	<b>Payee</b>	<b>Costs Examined</b>	<b>Amount Questioned</b>	<b>Attribute Failed</b>
<b>IDEA B Formula - ARRA, NOGA ID: 10554001205903</b>						
1	78780 001	OCT 15 2009	HILL , GREEN A	\$652.17	\$652.17	B
2	84026 001	MAY 14 2010	HILL , GREEN A	\$652.17	\$652.17	B
3	86137 001	AUG 13 2010	HILL , GREEN A	\$652.17	\$652.17	B
<b>IDEA B Preschool - ARRA, NOGA ID: 10555001205903</b>						
4	78516 102	SEP 30 2009	LOPEZ, ANGELIT F	\$74.28	\$74.28	C
5	84 121 10 2	MAY 14 2010	LOPEZ, ANGELIT F	\$74.28	\$74.28	C
<b>Total Payroll Questioned Cost</b>					<b>\$2,105.07</b>	

**Payroll Attributes Tested**

- A. The payroll transaction was not supported by periodic certifications as required by OMB Circular A-87 Attachment B Section 11 subsection h.
- B. The payroll transaction was not supported by personnel activity reports as required by OMB Circular A-87 Attachment B Section 11 subsection h.
- C. The payroll transaction for extra duty/substitute pay not supported by source documentation (i.e. extra duty pay/substitute pay agreement, time sheets indicating hours worked.)

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

      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. Refer to Attachment B.  
(Please Initial)

     The subrecipient did not concur with the auditors' observations, general conclusion, assessment of risk and recommendation and enclosed a written response discussing its disagreement. Insert your response as Attachment C. The subrecipient also enclosed copies of documents that support its disagreement with the auditors' preliminary letter of findings. Insert supporting documents as Attachment(s) D through \_\_\_\_.  
(Please Initial)

     The subrecipient concurred with only the observations noted below and proposed the corrective actions noted on Attachment B to this response. However, the subrecipient did not concur with the other observations, as noted below, and has enclosed a written response discussing its disagreement. Insert your response as Attachment C. 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. Insert supporting documents as Attachment(s) D through \_\_\_\_.  
(Please Initial)

Finding	Subrecipient Concurred	
	Yes	No
01		
02		
03		

I, the undersigned, attest and affirm that our response above and the supporting attachments, A-1 through B-3, constitute an accurate and complete response from the subrecipient to the findings and recommendations discussed in the preliminary letter of observations and findings dated April 14, 2011 from the Division of Financial Audits.

       
Superintendent's Signature

5/16/11  
Date Signed

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

Finding:     #1    

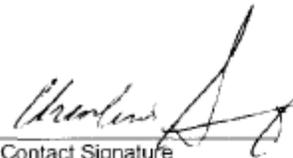
**Actions taken or planned for correction:**

- a. The usage of code 6249 was a coding error.  
As stated in the finding, the code 6249 was not utilized in the initial grant application. All expenditures charged to this code (6249) have been moved to the appropriate object code. The expenditure code has been removed from the ledger and file. (Ledger Attached)
  
- b. Capital outlay expenditures charged to 6629 have been reclassified. The only expenditures charged to object code 6629 are approved infrastructure project expenditures as per the approved grant application (\$80,000). All other expenditures have been appropriately moved. The initial grant application had placed all expenditures in capital outlay based on the original guidance of TEA. (Ledger Attached)

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

Timetable:               All corrective actions have been taken and are completed.

Responsibilities:       Lynne Porter, Asst. Superintendent, and Charles Simmons, Business Manager

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

5/11/11  
\_\_\_\_\_  
Date Signed

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

5/11/11  
\_\_\_\_\_  
Date Signed

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

Finding: #2 \_\_\_\_\_

**Actions taken or planned for correction:**

The District completed all parts of the Corrective Action Plan. Based on Payroll and PEIMS information, the percentage for each funding code were established, the support documentation records for Time and Effort were corrected and new forms and procedures were implemented.

For each pay period: 1) the employee completes Personnel Activity Report

2) sends report to the payroll department

3) payroll confirms appropriate charges to the applicable grant fund

4) sped department records and files documents in PBM Intervention binder and copy in the personnel file.

#a ) District addressed item with the procedures for time/effort to be established through payroll.

#b ) District addressed item with small changes needed to the job description linked with funding code.

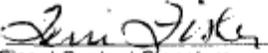
#c ) District addressed item with new time/effort forms documenting time, duties and fund code approved by the business office each pay period.

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

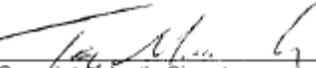
**Special Education Director and Finance Director and Payroll Department.**

**Planned in December 2010 after meeting with TEA Team**

**Implemented January 2011 the changes**

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

5/10/2011  
\_\_\_\_\_  
Date Signed

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

5/11/11  
\_\_\_\_\_  
Date Signed

May 16, 2011

Mr. Troy C. Mircovich  
Superintendent  
Ingleside Independent School District

Subject: Final Letter of Observations and Findings, Page 19

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

Finding:   #3  

**Actions taken or planned for correction:**

The District completed all parts of the Corrective Action Plan.

District made corrections to FTEs. Based on total hours worked divided by number of hours in schedule for quarter. Changes were made in the calculation of FTEs.

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

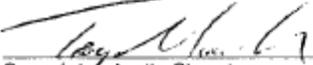
Special Education Director, Finance Director

Planned in December 2010 after meeting with TEA team

Implemented changes in January 2010.

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

5/10/2011  
\_\_\_\_\_  
Date Signed

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

5/11/2011  
\_\_\_\_\_  
Date Signed