

October 25, 2011

VIA UNITED STATES CERTIFIED MAIL

Mr. Steve Harris
Superintendent
City View Independent School District
1025 City View Drive
Wichita Falls, TX 76306

Subject: Final Letter of Observations and Findings

Dear Mr. Harris:

Auditors from the Division of Financial Audits conducted an initial onsite review of the fiscal controls over federal grants awarded to City View Independent School District (CDN: 243-906) (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 16, 2011. Your response to the preliminary letter of observations and findings dated October 11, 2011 has been incorporated into the body of this final letter of observations and findings as deemed appropriate, and is included as Attachments B and C.

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 Mike Scott 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

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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 City View Independent School District (CDN: 243-906) 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 June 27, 2011 the subrecipient filed expenditure reports to claim a total of \$1,653,505.46 in expenditures from the total of \$1,867,941.00 ARRA funded grants awarded to the subrecipient.

As of the notification letter dated July 15, 2011 the subrecipient was awarded a total amount of \$1,867,941.00 grant funds for seven ARRA grants (refer to Table A below).

TABLE A			
Expenditures of NOGAs Awarded to City View ISD as of June 27, 2011			
NOGA ID	NOGA Description	Amount Awarded	Amount Expended
10554001243906	IDEA B Formula – ARRA-LEA	\$801,341.00	\$801,341.00
10555001243906	IDEA B Pre-School – ARRA-LEA	\$20,833.00	\$20,833.00
10551001243906	Title I, Part A – ARRA/STIMULUS	\$105,066.00	\$105,066.00
10553001243906	ARRA - Title II, D Technology	\$3,310.00	\$3,310.00
10557001243906	ARRA Title XIV SFSF	\$447,138.00	\$447,138.00
11557001243906	ARRA Title XIV SFSF	\$314,509.00	\$275,817.46
11550101243906	Education Jobs Fund Program	\$175,744.00	\$0.00
Total Amount Awarded		\$1,867,941.00	\$1,653,505.46

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

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financial records created and maintained by the subrecipient and assessed the subrecipient's internal controls over policies and procedures, quality of data, budgetary control of ARRA grants, cash management, time and effort reporting requirements and the use of ARRA funds. Auditors observed that in certain instances the subrecipient did not maintain 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) and Office of Management and Budget (OMB) Circular A-87. Refer to Finding #1, Finding #2, Finding #3, and Internal Controls - General Observations 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 it did not demonstrate that it complied with the reporting requirements promulgated in Section 1512 (c) of American Recovery and Reinvestment Act of 2009. Refer to an observation in the body of the letter.

Observations on ARRA Infrastructure Expenditures: The subrecipient was not awarded grant funds for infrastructure investment projects (modernization, renovation, and repair of public school facilities).

Overall Conclusion

Based upon their review of the subrecipient's records, auditors observed that, in several instances, 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 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

The subrecipient concurred with the auditors' findings and the General Observations of Internal Controls and provided corrective action plans to address these issues.

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Auditor's Addendum

Auditors reviewed the subrecipient's response and corrective actions and noted that the subrecipient made the necessary corrections to the issues identified. As a result, auditors adjusted the questioned costs accordingly.

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Attachment A: Summary of Auditors' Findings

Observations on Subrecipient's Administration of ARRA awards:

Finding # 1: In several instances, the subrecipient failed to maintain adequate and sufficient source documentation to support the expenditures charged to the grants and reported to TEA as the basis for its reimbursement from the applicable grant program.

Statements of Fact

Auditors selected a total sample of sixteen (16) non-payroll transactions including; eleven (11) transactions from IDEA-B Formula – ARRA (fund code 364); one (1) transaction from IDEA-B Preschool – ARRA (fund code 365); one (1) transaction from Title I, Part A – ARRA (fund code 285); one (1) transaction from Title II, Part D – ARRA (fund code 279); and two (2) transactions from Title XIV, SFSF – ARRA (fund code 266) and examined the documentation in support of the expenditures charged to the applicable grant (refer to Appendix A).

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

- a. In one instance, the subrecipient failed to maintain a Professional Services Agreement for Vernon College as support documentation for expenditures charged to the Title XIV SFSF grant fund 266 (refer to item #15 of Appendix A).
- b. Auditors noted that none of the support documentation for the tested transactions had a reference or link to the District and/or Campus Improvements plans, as applicable (refer to items #1 thru #16 of Appendix A).

Based on their examination of the subrecipient's accounting and other grant records, auditors noted that of the sixteen (16) non-payroll transactions tested, all sixteen (16) of the transactions failed various attributes that would have demonstrated compliance with 34 CFR 80.20 (b)(5)(6) and Public Law 107-910.

The subrecipient, as a Fiscal Agent, reimbursed Electra Independent School District for payroll costs charged to the grant. However, the subrecipient did not maintain adequate source documentation such as; payroll authorization forms, payroll journal, or time and effort records to justify costs charged to the grant. (refer to Appendix A).

Conclusion

The subrecipient's failure to implement an adequate system of internal controls may place 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.

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Finding Type

Compliance/Internal Control

Questioned Costs

\$0.00

Recommendation

As Fiscal Agent, the subrecipient is responsible for maintaining source documentation to support expenditures charged to the grant.

Subrecipient's Response

The subrecipient concurred with the auditors' finding and subsequently provided additional supporting documentation and a corrective action plan. See Attachment B and Attachment C.

Auditor's Addendum

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

Finding # 2: Auditors noted that in several instances, the subrecipient failed to maintain adequate and sufficient source documentation to support the payroll costs charged to the grant funds.

Statements of Fact

Auditors selected a random sample of eight (8) payroll transactions including; two (2) transactions from IDEA-B Formula – ARRA (fund code 364), three (3) transactions from Title I, Part A – ARRA (fund code 285), and three (3) transactions from Title XIV, SFSS - ARRA (fund code 266). Auditors examined the documentation in support of the payroll costs charged to the applicable grant (refer to Appendix B).

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

- a. In five instances, the subrecipient did not maintain Personnel Activity Reports for split-funded employees to support the payroll costs charged to the grants as per the requirements promulgated in OMB A-87. Accordingly, auditors questioned payroll costs of \$11,809.66 charged to the grants (refer to items #1, #2, #3, #4, and #5 of Appendix B).
- b. In two instances, the payroll transactions were not supported by records of after-the-fact distribution of all work performed, as per the requirements promulgated in OMB A-87. Accordingly, auditors questioned payroll costs of \$9,484.56 charged to the grant IDEA B Formula grant fund 364 (refer to item #1 and #2 of Appendix B).

Based on their examination of the subrecipient's accounting and other grant records, auditors noted

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that of the eight (8) payroll transactions tested, five (5) transactions failed various attributes that would have demonstrated compliance with OMB circular A-87 and 34 CFR 80.20(b)(6) – Source Documentation. As a result, auditors questioned costs of \$11,809.66 (refer to Appendix B).

Conclusion

The subrecipient's failure to implement controls and maintain source documentation to support the payroll costs as per the 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

\$0.00

Recommendations

The subrecipient should monitor its payroll processes and time and effort reporting requirements in order to comply with OMB Circular A-87 and to provide reasonable assurance that it is managing federal awards appropriately and is complying with laws, regulations, and the provisions of grant agreements.

Subrecipient's Response

The subrecipient concurred with the auditors' finding and subsequently provided additional supporting documentation and a corrective action plan. See Attachment B and Attachment C.

Auditor's Addendum

Auditors concur with the subrecipient's response and the proposed corrective action plan. As a result, auditors have adjusted the questioned costs accordingly.

Finding # 3: 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 80.20 (b)(4).

Statements of Fact

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

Based on their examination of the detailed general ledger for the IDEA B Pre-School ARRA grant fund 365, auditors noted that the subrecipient expended the entire grant award of \$20,833.0 under object code 6300 Supplies & Materials. The approved budget for the IDEA B Pre-School ARRA

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grant fund 365 budget was as follows; Supplies & Materials 6300 = \$10,490.00 and Other Operating Costs 6400 = \$10,343.00 for a total approved budget of \$20,833.00.

Conclusion

The subrecipient's failure to implement and comply with budgetary control requirements promulgated in 34 CFR 80.20 (b)(4) may place 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

\$0.00

Recommendation

The subrecipient should implement effective budget control procedures to comply with 34 CFR 80.20 (b)(4), to ensure reasonable assurance that it is managing federal awards appropriately and is complying with laws, regulations, and the provisions of grant agreements. Furthermore, auditors recommend that the subrecipient make a request to T.E.A. for an amendment to the budget for IDEA B Pre-School ARRA grant fund 365.

Subrecipient's Response

The subrecipient concurred with the auditors' finding and subsequently provided additional supporting documentation and a corrective action plan. See Attachment B and Attachment C.

Auditor's Addendum

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

Internal Controls: General Observations

Auditors noted that the subrecipient did not maintain adequate policies and procedures in order to comply with the standards for financial management systems promulgated at 34 CFR 80.20 and OMB A-87. Specifically, auditors observed that the subrecipient did not maintain locally developed policies and procedures which described the following.

Observation #1: The subrecipient did not reconcile Time & Effort records with the payroll records as required by OMB A-87. However, auditors noted that the subrecipient's Administrative Procedure manual states that the business manager will reconcile employees' payroll distribution with the time and effort report and prepare journal entry corrections, if necessary.

Observation #2: Auditors noted that the subrecipient did not have adequate written policies and

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procedures that subrecipient personnel must follow for the reimbursement, with grant funds, of expenses incurred by an employee. Specifically, the subrecipient did not demonstrate adequate written policies and procedures for the following.

- a. The subrecipient did not have adequate written policies and procedures that describe the types of expenses that it would reimburse to an employee.
- b. The subrecipient did not have adequate written policies and procedures that describe the reimbursement process, including the authorization necessary prior to the expenditure of grant funds and the subsequent approval of any expenditure that exceeded the approved amount.
- c. Auditors noted that the subrecipient did not have written policies and procedures that identify the forms and third-party source documentation required in order to reimburse employees with grant funds.

Observation #3: Auditors noted that the subrecipient did not have written policies and procedures that describe the process that subrecipient personnel are required to follow for the expenditure of grant funds through corporate accounts and/or revolving lines of credit. Specifically, the subrecipient did not demonstrate adequate written policies and procedures for the following procedures.

- a. The subrecipient did not have written policies and procedures that address or identify who was authorized to use this type of account.
- b. The subrecipient did not have written policies and procedures that specifically require the monitoring of corporate account and/or revolving line of credit activities to identify inappropriate use.

Recommendation #1. The subrecipient must develop and implement written procedures and internal controls for expenditure of grant funds for supplies and materials and miscellaneous operating costs. Additionally, the subrecipient must develop and implement written procedures and internal controls that give adequate guidance for control of real and personal property as well as control of corporate accounts and/or revolving lines of credit.

Observation on ARRA Reporting Requirements:

Auditors examined the documentation in reference to the subrecipient's Quarterly Reports and noted that the subrecipient did not comply with the requirements promulgated in Section 1512 of ARRA.

Statement of Fact

Specifically, auditors observed the subrecipient's method for calculating FTEs did not use hours-worked in the numerator. The subrecipient used budgeted hours for ARRA employees, instead of hours-worked, as required in the Section 1512 reporting requirements of ARRA.

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Conclusion

The subrecipient's failure to implement and comply with the reporting requirements promulgated in Section 1512 of the American Recovery and Reinvestment Act of 2009 may 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 Control

Questioned Costs

\$0.00

Recommendation #1. 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.

Recommendation #2. 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/>

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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 B below for the grant periods indicated.

TABLE B Individual NOGAs Selected for Audit			
NOGA ID	NOGA Description	Begin Date	End Date
10554001243906	IDEA B Formula – ARRA-LEA	7/9/2009	9/30/2011
10555001243906	IDEA B Pre-School – ARRA-LEA	7/9/2009	9/30/2011
10551001243906	Title I, Part A – ARRA/STIMULUS	7/8/2009	9/30/2011
10553001243906	ARRA - Title II, D Technology	10/16/2009	9/30/2011
10557001243906	ARRA Title XIV SFSF	9/28/2009	9/30/2010
11557001243906	ARRA Title XIV SFSF	9/1/2010	9/30/2011
11550101243906	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 Tuesday, August 16, 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.

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

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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 consistence 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.

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Acronyms and Abbreviations Used In This Letter

Acronym	Acronym Description
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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Appendix A						
Item No.	Ref. Number	Trans. Date	Payee	Costs Examined	Amount Questioned	Attribute Failed
IDEA B Formula – ARRA-LEA, NOGA ID: 10554001243906 (Fund 364) Non-payroll						
1	PO #50751	10/27/2009	NCS Pearson, Inc.	\$49,000.00	\$0.00	C
2	PO #50752	10/27/2009	NCS Pearson, Inc.	\$46,500.00	\$0.00	C
3	PO #50750	10/27/2009	NCS Pearson, Inc.	\$85,099.92	\$0.00	C
4	PO #102569	5/21/2010	Iowa Park CISD	\$119,664.15	\$0.00	C
5	PO #102640	8/6/2010	Holliday ISD	\$540.64	\$0.00	C
6	PO #102468	2/9/2010	Electra ISD	\$2,419.22	\$0.00	C
7	Ck #29366	8/24/2010	JE to reclass to function 93, purchase of Iowa Park bus	\$87,025.00	\$0.00	C
8	PO #108351	8/31/2010	Electra ISD	\$7,869.00	\$0.00	C
9	PO #102664	3/9/2011	Electra ISD	\$6,529.00	\$0.00	C
10	PO #102773	6/16/2011	Electra ISD	\$7,869.00	\$0.00	C
11	PO #108410	10/27/2009	NCS Pearson, Inc.	\$46,500.00	\$0.00	C
IDEA B Preschool – ARRA-LEA, NOGA ID: 10555001243906 (Fund 365) Non-payroll						
12	PO #50759	10/16/2009	Southpaw Enterprises	\$3,110.21	\$0.00	C
Title I, Part A – ARRA, NOGA ID: 10551001243906 (Fund 285) : Non-payroll						
13	PO #107804	12/9/2009	Region IX E.S.C.	\$3,027.00	\$0.00	C
Title II, Part D – Technology ARRA, NOGA ID: 10553001243906 (Fund 279) : Non-payroll						
14	PO #12516	5/13/2011	Smart Technologies	\$1,799.00	\$0.00	C
Title XIV - ARRA, NOGA ID: 10557001243906 (Fund 266) : Non-payroll						
15	PO #108131	4/1/2010	Vernon College	\$2,240.00	\$0.00	C, E
16	PO #11387	10/23/2009	S & T Steel	\$905.00	\$0.00	C
Total Questioned Costs					\$0.00	

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Non-Payroll Attributes Tested

Compliance with Law, Rule, and/or Regulation

- A. Per the statutory purpose of the grant, the use of funds was necessary and reasonable.
- B. The costs or services were chargeable to the grant in accordance with the relative benefits received.
- C. The activity was noted in District/Campus improvement plan as applicable.
- D. Capital outlay: did the purchase comply with ARRA reporting requirements.

Test of Internal Controls

- E. The accounting record included an original and complete internal accounting document, i.e. executed contract, purchase order, payment authorization form, expense reimbursement form, travel reimbursement form, payroll schedule, payroll authorization form, Form W-4, employment contract, 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, i.e. utility billing statement, itemized receipt, itemized invoice, bank deposit.
- H. The accounting record indicated that the transaction was approved by an authorized individual.
- I. The item was approved in the program budget as amended.
- J. The purchase adhered to the comparative bidding requirements as applicable.
- K. The costs were incurred and goods or services were received after the start and before the end of the grant period.

Appendix B						
Item No.	Fund & Object code	Transaction Date	Payee	Costs Examined	Amount Questioned	Attribute Failed
IDEA B Formula – ARRA-LEA, NOGA ID: 10554001243906 (Fund 364) Payroll						
1	364-6119	12/17/2010	Hill, Doug	\$1,162.55	\$1,162.55	H, I
2	362-6119	11/23/2010	Hill, Doug	\$1,162.55	\$1,162.55	H, I
Title I, Part A – ARRA, NOGA ID: 10551001243906 (Fund 285) : Payroll						
3	285-6119	11/23/2010	Dodson, Cheryl	\$3,267.58	\$3,267.58	H
4	285-6119	11/23/2010	Rorabaugh, Lynda	\$4,231.50	\$4,231.50	H
5	285-6119	11/23/2010	Hicks, Charles	\$1,985.48	\$1,985.48	H

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Appendix B						
Item No.	Fund & Object code	Transaction Date	Payee	Costs Examined	Amount Questioned	Attribute Failed
Title XIV – ARRA-LEA, NOGA ID: 10557001243906 (Fund 266) : Payroll						
6	266-6129	All (09-10)	Hoggard, Shirley	\$5,091.34	\$0.00	
7	266-6119	All (09-10)	Douglas, Donna	\$32,229.75	\$0.00	
8	266-6119	11/23/2010	Burse, Leshia Spring	\$3,095.92	\$0.00	
Total Questioned Costs					\$11,809.66	

Payroll Attributes Tested

- A. Position(s) approved in the budget.
- B. Signed and dated job description provided.
- C. Position supported by laws rules regulations and grant application.
- D. Salary authorization and Personnel Action form provided.
- E. Time sheet provided for extra duty/substitute pay claimed.
- F. Signed supplemental contract that stipulated program, e.g. Title I work activities performed by the teacher for tutoring/extra duty pay.
- G. Periodic Certification provided for 100% funded employee.
- H. Activity Report provided for Split funded employees.
- I. After-the-fact distribution of work performed. Payroll records match with activity reports.
- J. Signed and dated job description with source of funding provided in lieu of periodic certification as per ED flex waiver (Title I Only).

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Attachment B: Subrecipient's Response to Auditors' Report

Attachment B: Subrecipient's Response to Auditors' Report

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(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. Refer to Attachment C.

(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 C 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 _____.

Finding	Subrecipient Concurred	
	Yes	No
01		
02		
03		

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I, the undersigned, attest and affirm that our response above and the supporting attachments, _____ through _____, constitute an accurate and complete response from the subrecipient to the findings and recommendations discussed in the preliminary letter of findings dated September 29, 2011 from the Division of Financial Audits.

SH

Superintendent's Signature

10/25/11

Date Signed

October 25, 2011

Mr. Steve Harris
Superintendent
City View Independent School District

Subject: Final Letter of Observations and Findings, Page 19

Attachment C: Subrecipient's Proposed Corrective Action

Attachment C: Subrecipient's Proposed Corrective Action

Finding: _____

Actions taken or planned for correction:

Responsibilities and timetable for the above actions:

Fiscal Contact Signature
(Preparer)

Date Signed

Superintendent's Signature
(Approver)

Date Signed

October 25, 2011

Mr. Steve Harris
Superintendent
City View Independent School District

Subject: Final Letter of Observations and Findings, Page 20

Attachment C: Finding #1 - Subrecipient's Proposed Corrective Action

Attachment C: Subrecipient's Proposed Corrective Action

Finding #1:

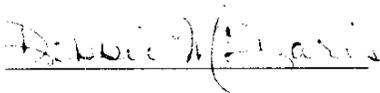
Actions Taken or planned for Correction:

A system of Internal controls will be put in place to make sure that District and/or Campus Improvement Plans will be regularly checked and updated to reflect actual expenditures. All necessary support documentation will be kept for all transactions and documentation will be noted with a reference or link to the District and/or Campus Improvement Plans. Payroll costs will be supported by adequate documentation.

Responsibilities and timetable for the above actions:

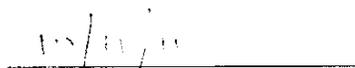
Effective immediately the Business Manager and Superintendent will monitor all purchase orders to make sure that all expenditures relate back to the District and/or Campus Improvement Plans and that all support documentation for purchases are noted with its link to the District and/or Campus Improvement Plans.

Payroll costs will be monitored monthly by Business Manager and checked against time and effort documentation and payroll journals. Any necessary adjustments will be made by the end of the next month. Member districts requesting reimbursement for payroll expenditures will be denied payment until proper time and effort and payroll documentation is obtained.



Fiscal Contact Signature

(Preparer)



Date



Superintendent's Signature

(Approver)



Date

October 25, 2011

Mr. Steve Harris
Superintendent
City View Independent School District

Subject: Final Letter of Observations and Findings, Page 21

Attachment C: Finding #2 - Subrecipient's Proposed Corrective Action

Finding #2:

Actions taken or planned for correction:

A system of accounting for activities through the use of time and effort documentation will be implemented. Personnel funded 100% by federal positions will complete semi-annual certifications at the end of each semester. The personnel who are split-funded must complete a monthly time and effort form reflecting daily duties performed. The business manager will verify the payroll costs, and make adjustments if necessary.

Responsibilities and timetable for the above actions:

The system will be in place by the end of December, 2011.

For 100% federally funded employees:

The employee will complete and sign the semi-annual certification; the supervisor will verify and sign, then forward it to the business office within three business days of the end of the semester.

For split-funded employees:

The employee will complete an after-the-fact listing of activities each month on the time and effort forms; the employee will sign and submit the form to their supervisor. The supervisor will verify the information, sign the form and forward it to the business office within three business days of the end of the month.

The business manager will make any necessary adjustments by the end of the next month.

Fiscal Contact Signature

(Preparer)

Date

Superintendent's Signature

Date

October 25, 2011

Mr. Steve Harris
Superintendent
City View Independent School District

Subject: Final Letter of Observations and Findings, Page 22

Attachment C: Finding #3 - Subrecipient's Proposed Corrective Action

Finding #3:

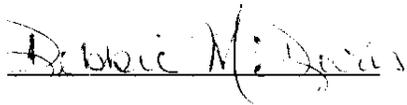
Actions taken or planned for correction:

The Director of Special Education will initiate the budget process, in accordance with the approved grant. The specific object codes within the grant budget will be monitored. Any changes to the approved grant budget will be forwarded to the business manager. A purchase order which does not meet the approved budget will be rejected and returned to the originator. The business manager will monitor the budget for the percentage of variance according to the grant procedures.

Responsibilities and timetable for the above actions:

Effective immediately, the budget entered in the accounting system will be monitored by the business manager for compliance with the grant budget. Any amendments to the approved budget will be submitted to the business manager within three business days.

All purchase orders will be reviewed by the business manager to determine compliance with the approved grant budget. The purchase order will be rejected by the business office if the object code is not within the allowable variance of the specific grant.

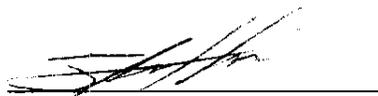


Fiscal Contact Signature

(Preparer)

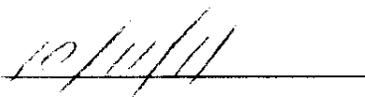


Date



Superintendent's Signature

(Approver)



Date