



SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

Agenda Item Summary

Meeting Date: May 18, 2016

Purpose: Report Only Recognition Discussion/ Possible Action

Presenter(s): Jesus Salazar

Item Title:

Report on letter received from the Texas Education Agency (TEA) concerning the school district's annual financial and compliance report (AFR) for the year ended August 31, 2015

Description:

The TEA letter dated May 4, 2016, addressed to the Superintendent states that the TEA's review and/or the audit conducted by our external auditor on the 2014-15 fiscal year, have resulted in findings that indicate errors or deficiencies in the AFR which requires a response by the school district. The district must respond to the TEA on these issues within 30 days of the date of this letter. The administration will report to the Board, that all required follow-up has been completed.

District Goal:

Select a Goal

Funding Budget Code and Amount:

CFO Approval

N/A

APPROVAL ROUTE

SIGNATURE

DATE

Principal/Director:

Executive Director:

Chief Administrator:

Superintendent:

Jesus Salazar

5-18-2016

May 4, 2016

#015908
3-AR15-R 01/28/2016

RESPONSE REQUIRED

Dr. Abe Saavedra, Superintendent
South San Antonio Independent School District
5622 Ray Ellison Boulevard
San Antonio, TX 78242-2214

Dear Dr. Saavedra:

The Division of Financial Compliance at the Texas Education Agency (TEA) has reviewed the South San Antonio Independent School District's annual financial and compliance report (AFR) for the year ended August 31, 2015. Our review, the audit conducted by the school district's auditor, or both have resulted in findings that indicate errors or deficiencies in the AFR, at least one of which requires your district to respond with additional information, as explained below.

Independent Auditor's Comments

The auditor indicated the following finding in the schedule of findings and questioned costs. To view a copy of the district's AFR, including this schedule, refer to the TEA website located at <http://tea4avwaylon.tea.state.tx.us/audit/pdfviewer.asp>.

- 2015-01 Federal, Material Non-compliance: Teachers at the district were receiving Title I-A Stipends but did not qualify for this reimbursement because the teaching salaries were not charged to the Title I-A funds, leading to questioned costs of \$72,000. \$42,500

A copy of this finding is being sent to the Federal Fiscal Monitoring and that division will contact the district for further information and/or a response if needed.

Your district's auditor provided the following comment in the management letter:

- Reconciliations of Accounts
During our audit we noted that several of the District's accounts were not reconciled on timely manner and were not reviewed by District personnel until audit inquiries were made regarding the balances. These included payroll accruals, student activity/campus activity fund bank reconciliations, state revenues and receivables, worker's compensation, and investment accounts with Wells Fargo.

We recommend that the District develop and implement proper closing procedures to timely review and reconcile all accounts to supporting information.

Division of Financial Compliance Comments

1. The notes to the financial statements bonds did not include the required bond refunding information for the refunding bond listed on Exhibit J-2, page 70 in accordance with Government Accounting Standards Board (GASB) Statement 7 and Appendix 10 of the

South San Antonio Independent School District
RE: 2014–2015 AFR
May 4, 2016

Financial Accountability System Resource Guide. Please have your district's auditor provide an explanation to the Division of Financial Compliance.

2. Due to finance and governance issues, TEA assigned a conservator to this district on February 17, 2016. Your district's independent auditor should review relevant correspondence between the district, the conservator, and the agency to determine the scope of future audits.

Please upload responses to this letter through the AUDIT application in the TEA Secure Environment (TEASE). The district's response should be uploaded under the section titled "Signed Pages of Annual Financial and Compliance Report (PDF)" and named using the six digit county district number, followed by "DR" (for District's Response), and then followed by a single digit for the fiscal year (for example, 999999DR5). Also upload corrected AFRs or corrected pages through the AUDIT application in TEASE under the section titled "Annual Financial and Compliance Report (PDF)".

Your district must provide the requested information within 30 calendar days of the date of this letter. We will consider our review of the AFR closed upon our receipt of the information requested. Please note that even after the review is closed, your district's AFR and records and the working papers of the auditor will remain subject to review by appropriate state and federal agency auditors and TEA program administrators. If there is a need for a subsequent review or additional audits, we will notify you.

We thank you and your auditor for your diligence and cooperation in the completion of the AFR. If you need additional information, please contact Larry Simank at Larry.Simank@tea.texas.gov or (512) 936-6981.

Sincerely,



Paul Moreno
Manager of Financial Desk Reviews
Division of Financial Compliance

PM/ls

cc: Connie Prado, Board President, South San Antonio Independent School District
Jesus Salazar, Chief Financial Officer, South San Antonio Independent School District
ABIP, PC
Dr. Nora Ibáñez Hancock, Associate Commissioner, Grants and Federal Fiscal Compliance
Roger Hingorani, Acting Director, Federal Fiscal Monitoring
Teresa Telkes, Financial Examiner, Federal Fiscal Monitoring
Alice McAfee, Office of Complaints, Investigations, & Enforcement
Judy Castleberry, Conservator