



FEDERAL SINGLE AUDIT REPORT

June 30, 2013

**HUNTINGTON UNION FREE SCHOOL DISTRICT
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HUNTINGTON UNION FREE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<u>United States Department of Education</u>			
Passed Through New York State,			
Department of Education:			
Special Education Cluster			
Special Education Grants to States	84.027	0032-11-0906	\$ (1,287)
Special Education Grants to States	84.027	0032-12-0906	976,049
Special Education Preschool Grants	84.173	0033-12-0906	47,913
Total Special Education Cluster			<u>1,022,675</u>
Title I, Part A Cluster			
Title I, Grants to Local Educational Agencies	84.010	0011-12-2250	41,578
Title I, Grants to Local Educational Agencies	84.010	0011-13-2068	2,140
Title I, Grants to Local Educational Agencies	84.010	0021-12-3080	14,828
Title I, Grants to Local Educational Agencies	84.010	0021-13-3080	462,031
			<u>520,577</u>
Education for Homeless Children and Youth	84.196	0212-13-4004	<u>51,515</u>
English Language Acquisition State Grants	84.365	0293-12-3080	28,763
English Language Acquisition State Grants	84.365	0293-13-3080	34,956
			<u>63,719</u>
Improving Teacher Quality State Grants	84.367	0147-12-3080	41,560
Improving Teacher Quality State Grants	84.367	0147-13-3080	162,221
			<u>203,781</u>
ARRA - Race to the Top - State Fiscal Stabilization - Incentive Grants	84.395	5500-13-3080	19,984
ARRA - Race to the Top - State Fiscal Stabilization - Incentive Grants	84.395	5545-13-0019	110,512
ARRA - Race to the Top - State Fiscal Stabilization - Incentive Grants	84.395	5580-13-0011	30,615
			<u>161,111</u>
Total Department of Education			<u>2,023,378</u>
<u>United States Department of Homeland Security</u>			
Passed Through New York State,			
Division of Homeland Security and Emergency Services:			
Disaster Grants - Public Assistance	97.036	103-UKRK9-00	67,612
Total Department of Homeland Security			<u>67,612</u>
<u>United States Department of Agriculture</u>			
Passed Through New York State,			
Department of Education			
Child Nutrition Cluster			
Non-Cash Assistance (food distribution)			
National School Lunch Program	10.555	N/A	92,693
Cash Assistance			
School Breakfast Program	10.553	N/A	124,187
National School Lunch Program	10.555	N/A	723,984
Total Department of Agriculture			<u>940,864</u>
Total Federal Awards Expended			<u>\$ 3,031,854</u>

HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs administered by the Huntington Union Free School District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Because the schedule presents only a selected portion of the operation of Huntington Union Free School District, it is not intended to and does not present the financial position and changes in financial position of the District. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through other government agencies. The information is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs may have been charged with indirect costs, based upon an established rate applied to overall expenditures. There is no other indirect cost allocation plan in effect.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. Expenditures are recognized following cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity numbers are presented where available.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

Non-monetary assistance is reported in the Schedule at the fair market value of commodities received and disbursed, which is provided by New York State.

2. SUBRECIPIENTS

No amounts were provided to subrecipients.

3. OTHER DISCLOSURES

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year end.

HUNTINGTON UNION FREE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2013

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

10-1. Compensation

Significant Deficiency

Special Education Cluster

Special Education Grants to States	CFDA No. 84.027
Special Education Preschool Grants	CFDA No. 84.173
ARRA – Special Education Grants to States	CFDA No. 84.391
ARRA – Special Education Preschool Grants	CFDA No. 84.392

Criteria: Salaries and wages charged to federal awards must be supported by documentation prescribed by 2 CFR part 225.

Condition: The District prepares periodic certifications and personnel activity reports (PARs) or equivalent. However, there were instances in which PARs did not fulfill the requirements, as described in 2 CFR part 225, appendix B, paragraph 8h to support salaries and wages charged to federal awards. In the sample of PARs we audited, some were not complete; others did not account for 100% of the employee's time and effort as required. The costs charged to these grants were supported by other documentation and support and did not result in questioned costs. However, the District still needs to comply with 2 CFR part 225.

Recommendation: The District should prepare the appropriate documentation to support salaries and wages charged to federal awards in accordance with the requirements of 2 CFR part 225. Procedures should be implemented to collect and review for accuracy the necessary documentation on a timely basis.

Current Status: The District continued to have deficiencies in the preparation of PARs.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

To the Board of Education
Huntington Union Free School District
Huntington Station, New York

Report on Compliance for Each Major Federal Program

We have audited the Huntington Union Free School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB*) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Huntington Union Free School District's major federal programs for the year ended June 30, 2013. The Huntington Union Free School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Huntington Union Free School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Huntington Union Free School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Huntington Union Free School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-001 and 2013-002. Our opinion on each major federal program is not modified with respect to these matters.

The Huntington Union Free School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questions costs and corrective action plan. The Huntington Union Free School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Huntington Union Free School District is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the Huntington Union Free School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program. and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Huntington Union Free School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001 and 2013-002.

The Huntington Union Free School District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The Huntington Union Free School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, each major fund and the fiduciary funds of the Huntington Union Free School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Huntington Union Free School District's basic financial statements. We have issued our report thereon dated October 16, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Cullen & Danowski, LLP

February 25, 2014

*(except as to schedule of expenditures of federal awards,
which is as of October 16, 2013)*

HUNTINGTON UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

1. SUMMARY OF AUDITOR'S RESULTS

- A. The auditor's report expresses an unmodified opinion on the financial statements.
- B. No significant deficiencies in internal control were disclosed by the audit of the financial statements.
- C. No instances of noncompliance material to the financial statements were disclosed during the audit.
- D. Two significant deficiencies in internal control over major programs were disclosed by the audit, neither of which were material weaknesses.
- E. The auditor's report on compliance for the major programs expresses an unmodified opinion.
- F. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in Part 3 of this Schedule.
- G. The programs tested as major programs were:
 - Special Education Cluster
 - Special Education Grants to States CFDA No. 84.027
 - Special Education Preschool Grants CFDA No. 84.173
 - Title I, Grants to Local Educational Agencies CFDA No. 84.010
 - Child Nutrition Cluster
 - School Breakfast Program CFDA No. 10.553
 - National School Lunch Program CFDA No. 10.555
- H. The dollar threshold used to distinguish between Type A and B programs was \$300,000.
- I. The Huntington Union Free School District qualified as a low-risk auditee.

2. FINANCIAL STATEMENTS FINDINGS

There are no findings to be reported.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Significant Deficiencies

2013-001. Compensation

Special Education Cluster	
Special Education Grants to States	CFDA No. 84.027
Special Education Preschool Grants	CFDA No. 84.173
Title I, Grants to Local Educational Agencies	CFDA No. 84.010

HUNTINGTON UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2013

Criteria: Salaries and wages charged to federal awards must be supported by documentation prescribed by 2 CFR part 225.

Condition: The District prepares periodic certifications and personnel activity reports (PARs) or equivalent. However, there were instances in which PARs did not fulfill the requirements, as described in 2 CFR part 225, appendix B, paragraph 8h to support salaries and wages charged to federal awards. In the sample of PARs we audited, some were not complete; others did not account for 100% of the employee's time and effort as required. The costs charged to these grants were supported by other documentation and support and did not result in questioned costs. However, the District still needs to comply with 2 CFR part 225.

Cause: All employees were not aware that they had responsibility for preparing periodic certifications in the format, as described in 2 CFR part 225, appendix B, paragraph 8h, to support salaries charged to federal awards.

Effect: Noncompliance could result in being denied reimbursement of program expenditures or having to refund federal monies.

Recommendation: The District should prepare the appropriate documentation to support salaries and wages charged to federal awards in accordance with the requirements of 2 CFR part 225. Procedures should be implemented to collect and review for accuracy the necessary documentation on a timely basis.

Management's Response: The District agrees with the finding and has spoken with the payroll department and grant administrators to ensure that employees are preparing the appropriate documentation to support salaries and wages charged to federal awards in accordance with the requirements of 2 CFR part 225.

2013-002. Cash Management – Requests for Funds for Federal Grants

Special Education Cluster

 Special Education Grants to States

CFDA No. 84.027

 Special Education Preschool Grants

CFDA No. 84.173

Title I, Grants to Local Educational Agencies

CFDA No. 84.010

Criteria: Local educational agencies are required to report financial information to the pass-through entity (New York State Department of Education) to receive funds. Reimbursements are based on these financial reports. Controls should be in place to minimize the time between the transfer of Federal funds and the disbursement of funds for program purposes.

Condition: The District receives an advance from the State upon the approval of the grant's budget; the District can also request additional funds during the year by submitting Form FS-25 – Request for Funds for Federal or State Project, based on actual expenditures to date and anticipated expenditures during the following month or quarter. During our audit, we noted that the information reported on Forms FS-25 for anticipated expenditures was not supported by adequate documentation. Consequently, the District may have received cash advances in amounts that were more than its immediate needs.

HUNTINGTON UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2013

Effect: Inaccurate information in financial reports submitted to the pass-through entity could result in untimely reimbursements of program expenditures to the District, and interest earned on advanced Federal funds may need to be returned to the appropriate agency.

Recommendation: We recommend that the District ensure that information reported on Form FS-25 is supported by adequate documentation.

Management's Response: The District agrees with the finding and has implemented procedures to assure that adequate documentation of the calculation of anticipated expenditures is retained with the FS-25.

HUNTINGTON UNION FREE SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2013

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The Assistant Superintendent for Finance and Management Services will be responsible for resolving the following matter.

Significant Deficiencies

2013-001. Compensation

Special Education Cluster

Special Education Grants to States

CFDA No. 84.027

Special Education Preschool Grants

CFDA No. 84.173

Title I, Grants to Local Educational Agencies

CFDA No. 84.010

Condition: The District prepares periodic certifications and personnel activity reports (PARs) or equivalent. However, there were instances in which PARs did not fulfill the requirements, as described in 2 CFR part 225, appendix B, paragraph 8h, to support salaries and wages charged to federal awards. In the sample of PARs we audited, some were not complete; others did not account for 100% of the employee's time and effort as required. The costs charged to these grants were supported by other documentation and support and did not result in questioned costs. However, the District still needs to comply with 2 CFR part 225.

Recommendation: The District should prepare the appropriate documentation to support salaries and wages charged to federal awards in accordance with the requirements of 2 CFR part 225. Procedures should be implemented to collect and review for accuracy the necessary documentation on a timely basis.

Corrective Action: The District's Assistant Superintendent for Finance has met with the grant administrators and the payroll department to inform them about the proper documentation necessary to comply with 2 CFR part 225 with regard to periodic payroll certifications or personnel activity reports, and procedures will be implemented to ensure compliance by the end of the fiscal year.

2013-002. Cash Management – Requests for Funds for Federal Grants

Special Education Cluster

Special Education Grants to States

CFDA No. 84.027

Special Education Preschool Grants

CFDA No. 84.173

Title I, Grants to Local Educational Agencies

CFDA No. 84.010

Condition: The District receives an advance from the State upon the approval of the grant's budget; the District can also request additional funds during the year by submitting Form FS-25 – Request for Funds for Federal or State Project, based on actual expenditures to date and anticipated expenditures during the following month or quarter. During our audit, we noted that the information reported on Forms FS-25 for anticipated expenditures was not supported by adequate documentation. Consequently, the District may have received cash advances in amounts that were more than its immediate needs.

HUNTINGTON UNION FREE SCHOOL DISTRICT
CORRECTIVE ACTION PLAN (Continued)
For the Year Ended June 30, 2013

Recommendation: We recommend that the District ensure that information reported on Form FS-25 is supported by adequate documentation.

Corrective Action: A new employee has been assigned the task of completing the Request for Funds – Form FS-25 and has been trained on the appropriate documentation to be retained. The Assistant Superintendent for Business reviews this documentation before submission.

Contact Information:

Mr. Sam Gergis
Assistant Superintendent for Business
Huntington Union Free School District
50 Tower Street
Huntington Station, NY 11746

