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June 18, 2010

Mr. George M. Talley  
Board President  
Brentwood Union Free School District  
52 Third Avenue  
Brentwood, NY 11717

Report: ARRA-0310-10

Dear Mr. Talley:

This letter is our final audit report of the Brentwood Union Free School District's (District) use of American Recovery and Reinvestment Act (ARRA) funds awarded for the July, 1 2009 - June 30, 2010 school year. The audit was conducted pursuant to the Commissioner of Education's authority under Section 305 of the Education Law. Our audit objectives were to: verify the allowability of amounts expended to-date and the appropriateness of any requests for additional funding, determine if the District has sufficient financial control systems in place to administer ARRA funds, and assess compliance with pertinent federal requirements for the use of federal funds.

Our audit scope was limited to the ARRA funding of Educational Stabilization Funds (ESF), Title 1, and IDEA for the period July 1, 2009 through June 30, 2010.

To accomplish our objectives, we interviewed appropriate District officials, performed limited tests of transactions, and reviewed documents. These documents included the claim forms submitted to the State Education Department (Department), certain District policies and procedures, and financial records including reports generated by the District's computerized financial database.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The results of this audit have been discussed with District officials and their comments have been considered in preparing this report. The district's response to the draft report is included as Appendix A.

## **Audit Results**

### Allowability and Accuracy of Reported Expenditures

After the ESF grant application is approved by the Department, school districts request funds by submitting a claim (form FS-25, Request for Funds). The amount of funds requested at any one time may only include approved and actual expenditures to date. The District charged the ESF grant \$1,855 for a luncheon for students with perfect attendance. These costs were not included in the approved grant application or amended in the narrative of their 1512 quarterly reporting.

### Financial Control System

We did not find any audit exceptions.

### Compliance with Federal Grant Requirements

#### *Section 1512 Reporting*

Under Section 1512 of ARRA, recipients of the funds must submit a quarterly report that describes, among other things, how those funds were used, including the estimate of the number of jobs funded. For the reporting period ending December 31, 2009 for IDEA Section 611, the District reported 11.5 jobs funded. The grant application also indicated the same number of jobs to be funded. Supporting documents indicated that 9.5 jobs were actually funded.

#### *Time and Effort Requirements*

OMB Circular A-87 requires salaries of employees who are charged to federal grants be supported by periodic certifications or personnel activity reports. This requirement applies to all federal grants including ARRA but does not apply to ARRA-ESF. The District had a process in place to certify time and efforts for employees who work solely on a single federal award. However, the personnel activity reports for employees who work on multiple cost objectives, of which one part is funded by the General Fund, did not account for the total activity for which each employee was compensated.

#### *Cash Management*

According to Title 34 of the Code of Federal Regulations Part 80.20(b)(7), procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Further, Part 80.21 paragraph (h)(2)(i) states that grantees and subgrantees shall promptly, but at least quarterly, remit interest in excess of \$100 earned on federal awards advances.

The District has a process in place to:

- Minimize time elapsing between receipt and disbursement of funds; and,
- Remit interest earned on federal funds in excess of \$100 annually.

## **Recommendations**

1. Submit ARRA-ESF claims that only include Department approved costs.
2. Ensure the Section 1512 quarterly report reflects the actual number of jobs funded.
3. Ensure that all personnel activity reports account for the total activity for which each employee was compensated, when paid from multiple cost objectives of which one was a federal grant.

Section 170.12 of the Regulations of the Commissioner of Education requires the submission of a Board approved corrective action plan, in response to all the findings, within ninety days of the issuance of this report. The corrective action plan should include the expected date of implementation, where appropriate.

I appreciate the cooperation and courtesies extended to our staff during this audit.

Sincerely,

James A. Conway

Enclosure

c: J. King, T. Savo, J. Delaney, B. Porter, C. Szuberla, M. Lavare, A. Timoney, J. Dougherty, D. Jones, E. Zero



Financials  
Quarterly Report  
Dr. Joan K. ...  
...  
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June 9, 2010

James A. Conway  
State Education Department  
Office of Audit Services  
Albany, NY 12234

Dear Mr. Conway:

On behalf of the Board of Education of the Brentwood Union Free School District, I would like to thank you and your staff for providing us with an opportunity to respond to the *American Recovery and Reinvestment Act (ARRA) Funds Audit*. We concur with each of the recommendations set forth in the Draft Audit Report and have addressed each of the concerns raised therein.

For each audit recommendation noted in the report, please find the following:

Audit Recommendation

Submit ARRA-ESF claims that only include Department approved costs.

Response

An amendment was made to the Section 1512 third quarter ARRA report that lists, in detail, the programs that were saved due to the receipt of ARRA funds. One such program is special events for students.

Please note that the funds expended for the event in question were not used to purchase food.

Audit Recommendation

Ensure the Section 1512 quarterly report reflects the actual number of jobs funded.

Response

The District initially planned to include two additional positions in the Section 611 grant. These positions were never filled. An amendment was submitted which removed these positions from the grant. In addition, a revision was made to the Section 1512 third quarter ARRA report.

Audit Recommendation

Ensure that all personnel activity reports account for the total activity for which each employee was compensated, when paid from multiple cost objectives of which one was a federal grant.

Response

The A87 Payroll Certification Form was amended to include 100% of the employee's contractual salary when any portion of their salary is paid from Federal funds.

Once again, thank you for the opportunity to respond to the Draft Audit Report. The entire District is committed to improving the practices and procedures of our financial operations to better support our educational program.

Sincerely,

A handwritten signature in cursive script, appearing to read "Donna Jones".

Donna Jones  
Superintendent of Schools