

**R.S. ABRAMS & CO., LLP***Accountants & Consultants for Over 75 years*Marianne E. Van Duyne, CPA
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To the Board of Education and
Ms. Brigid Villareale
Assistant Superintendent for Business & Operations
Hauppauge Union Free School District
495 Hoffman Lane
Hauppauge, NY 11788

In planning and performing our audit of the financial statements of the governmental activities, each major fund and the fiduciary fund of Hauppauge Union Free School District (the "District") as of and for the fiscal year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

However, during our audit, we became aware of other matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The recommendations that accompany this letter summarize our comments and suggestions concerning those matters. We have also included the status of prior year findings and recommendations.

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CURRENT YEAR FINDINGS AND RECOMMENDATIONS

SCHOOL LUNCH FUND

Fund Balance

During our current year audit, we noted that the school lunch fund balance exceeded the three-month average expenditure level allowable by federal regulations 7CFR Part 210.14(b) by \$657,007. We note that the District does currently have a plan in place to utilize this excess fund balance. As such, we recommend the District continue to monitor the plan and implement any additional measures necessary to lower the fund balance in subsequent years.

EXTRA CLASSROOM ACCOUNTS

Cash Receipts

During our current year audit, we noted that while deposit slips and Treasurer receipts were maintained there was an overall lack of supporting documentation to substantiate the source of funds for cash receipts tested. Items missing included listings of payees, profit and loss statements for fundraising activities, and the utilization of pre-numbered tickets for ticket sales activities. We recommend the District implement procedures to ensure sufficient supporting documentation is collected and maintained for all cash receipts and forwarded to the central business office for filing.

Cash Disbursements

During our current year audit, we noted 10 out of 15 voucher packages tested were not properly cancelled after payment. We recommend that all invoices be stamped "paid" or marked similarly to avoid a potential duplicate payment of an invoice.

During our current year audit, we noted for 1 out of 15 voucher packages tested, there was no supporting invoice(s) to support the purchase. We recommend the District implement procedures to ensure all appropriate supporting documentation is maintained on file for all extraclassroom transactions.

IRS 1099 Compliance

During our current year audit, we noted IRS Form 1099 compliance is not being monitored by the central treasurer for all extraclassroom activities. We recommend that the District appoint an individual to be responsible for reviewing extraclassroom activities for 1099 compliance as per IRS regulations.

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STATUS OF PRIOR YEAR RECOMMENDATIONS

SCHOOL LUNCH FUND

FINDING: During our prior year audit, we noted that the school lunch fund balance exceeded the three-month average expenditure level allowable by federal regulations 7CFR Part 210.14(b) by \$514,389. We noted that the District did have a plan in place to utilize this excess fund balance. As such, we recommended the District continue to monitor the plan and implement any additional measures necessary to lower the fund balance in subsequent years.

STATUS: Not Implemented

EXTRA CLASSROOM ACCOUNTS

FINDING: During our prior year audit of all the District's extra classroom activity accounts, we noted the following:

- Although profit and loss statements were being prepared for fund raising activities, they were not being forwarded to the central treasurer for all schools for record keeping purposes.
- IRS Form 1099 compliance was not being monitored by the central treasurer for all schools.
- Nine out of twenty cash disbursements tested were not stamped "Paid" on invoices to prevent duplicate payment.

We recommended the District continue to provide training to the extraclassroom treasurers and advisors of the proper procedures required by the State Education Department, and that the District implement procedures for the above items to improve the internal controls for the extra classroom activity accounts

STATUS: Not Implemented.

We would like to acknowledge the courtesy and assistance extended to us by personnel of the District and also compliment the business office on their excellent financial operations during our audit. Should you have any questions concerning the matters referred to in this letter, we shall be pleased to discuss them with you, at your convenience.

This communication is intended solely for the information and use of the Board of Education, the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

R. S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
October 20, 2021