

**TOWN OF NORTH KINGSTOWN,
RHODE ISLAND**

SINGLE AUDIT REPORTS

YEAR ENDED JUNE 30, 2014



TOWN OF NORTH KINGSTOWN, RHODE ISLAND

SINGLE AUDIT REPORTS

YEAR ENDED JUNE 30, 2014

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Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Honorable President and Members of the Town Council
Town of North Kingstown, Rhode Island
North Kingstown, Rhode Island

Report on Compliance for Each Major Federal Program

We have audited the compliance of the Town of North Kingstown, Rhode Island (the Town) with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2014. The Town's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the type 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 Town'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 Town's compliance.

**Independent Auditors' Report on Compliance for Each Major Federal Program; Report
on Internal Control over Compliance; and Report on Schedule of Expenditures of
Federal Awards Required by OMB Circular A-133 (Continued)**

Honorable President and Members of the Town Council
Town of North Kingstown, Rhode Island

Opinion on Each Major Federal Program

In our opinion, the Town 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, 2014.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town'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 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 Town's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Item 2014-005 to be a material weakness.

The Town's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Independent Auditors' Report on Compliance for Each Major Federal Program; Report
on Internal Control over Compliance; and Report on Schedule of Expenditures of
Federal Awards Required by OMB Circular A-133 (Continued)**

Honorable President and Members of the Town Council
Town of North Kingstown, Rhode Island

Report on Internal Control over Compliance (Continued)

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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of North Kingstown, Rhode Island as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated June 30, 2015, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town's 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 additional 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.

LJC & D LLP

Providence, Rhode Island

August 6, 2015

June 30, 2015 as to Schedule of Expenditures of Federal Awards

TOWN OF NORTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through the RI Department of Education:</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 71,630
National School Lunch Program	10.555	N/A	369,407
Special Milk Program for Children	10.556	N/A	<u>2,959</u>
			443,996
Emergency Food Assistance Program (Food Commodities)	10.569	N/A	38,454
Fresh Fruit and Vegetable Program	10.582	2725-17602-050	<u>16,947</u>
Total U.S. Department Agriculture			<u>499,397</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
<i>Passed through the RI Department of Administration:</i>			
Community Development Block Grant (CDBG)	14.218	N/A	<u>346,687</u>
Total U.S. Department of Housing and Urban Development			<u>346,687</u>
U.S. DEPARTMENT OF TRANSPORTATION:			
<i>Passed through the RI Department of Transportation:</i>			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	N/A	7,619
Occupant Protection Incentive Grants	20.602	N/A	5,000
National Priority Safety Programs	20.616	N/A	<u>4,068</u>
Total U.S. Department of Transportation			<u>16,687</u>
U.S. DEPARTMENT OF EDUCATION:			
<i>Passed through the RI Department of Education:</i>			
Special Education Cluster - IDEA:			
Special Education - Grants to States (IDEA, Part B)	84.027A	2725-13202-301	992,980
Special Education - Grants to States (IDEA Child Opportunity Zone)	84.027A	2720-10501-301	5,000
Special Education - Preschool Grants (IDEA Preschool)	84.173A	2725-13502-301	<u>31,694</u>
			1,029,674
Title I Grants to Local Education Agencies	84.010	2725-11702-301	410,477
Twenty-First Century Community Learning Centers	84.287	2725-16602-340	114,168
English Language Acquisition State Grants	84.365	2725-16502-301	5,685
Education for Homeless Children and Youth - 2012	84.196A	2725-10202-201	21,493
Education for Homeless Children and Youth - 2013	84.196A	2725-10202-301	5,336
Improving Teacher Quality State Grants	84.367A	2725-16402-201	<u>156,662</u>
			<u>713,821</u>

(continued)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Identifying Number	Expenditures
U.S. DEPARTMENT OF EDUCATION (CONTINUED):			
<i>Passed through the RI Department of Education (continued):</i>			
SFSF Federal Stabilization – Race-To-The-Top Incentive Grants - ARRA:			
Race to the Top - Standards and Curriculum	84.395A	4572-13502-110	\$ 17,975
Race to the Top - Instructional Improvement System	84.395A	4572-13502-120	11,477
Race to the Top - Instructional Improvement System Set Aside	84.395A	4572-13502-160	17,924
Race to the Top - Education Effectiveness Set Aside	84.395A	4572-13502-170	5,845
Race to the Top - Human Capital Set Aside	84.395A	4572-13502-180	48,591
Race to the Top - Common Core Standards	84.395A	4572-12802-311	8,026
			<u>109,838</u>
Total U.S. Department of Education			<u>1,853,333</u>
U.S. DEPARTMENT OF HOMELAND SECURITY:			
<i>Passed through the RI Militia of the State:</i>			
State Homeland Security Program	97.073	N/A	923
Port Security Grant Program	97.056	EMW2011PU00208	563,891
			<u>564,814</u>
Total U.S. Department of Homeland Security			<u>564,814</u>
Total expenditures of federal awards			<u>\$ 3,280,918</u>

See notes to schedule of expenditures of federal awards.

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of North Kingstown, Rhode Island (the Town) and is presented on the modified accrual basis of accounting. The information in this schedule 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 basic financial statements.

2. Aid-in-kind:

During the year ended June 30, 2014, the Town received aid-in-kind, in the form of miscellaneous food items, from the United States Department of Agriculture (USDA) passed through the State of Rhode Island Department of Education. The value of these items received by the Town's school lunch program totaled \$38,454.

3. Matching requirements:

Certain federal programs require that the Town contribute non-federal funds (matching funds) to support the federally-funded programs. The Town has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the accompanying schedule.



**Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

The Honorable President and
Members of the Town Council
Town of North Kingstown, Rhode Island
North Kingstown, Rhode Island

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of North Kingstown, Rhode Island (the Town), and the related notes to the financial statements, which comprise the Town's basic financial statements as of and for the year ended June 30, 2014, and have issued our report thereon dated June 30, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Items 2014-001, 2014-002 and 2014-003 to be material weaknesses.

**Independent Auditors' Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards (Continued)**

The Honorable President and
Members of the Town Council
Town of North Kingstown, Rhode Island

Internal Control over Financial Reporting (continued)

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Item 2014-004 to be a significant deficiency.

Compliance and Other Matters

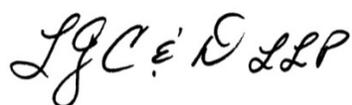
As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Town's Responses to Findings

The Town's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Providence, Rhode Island
June 30, 2015

TOWN OF NORTH KINGSTOWN, RHODE ISLAND
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2014

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	<u> x </u>	yes	<u> </u> no
Significant deficiency(ies) identified not considered to be material weaknesses?	<u> x </u>	yes	<u> </u> no
Noncompliance material to financial statements noted?	<u> </u>	yes	<u> x </u> no

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	<u> x </u>	yes	<u> </u> no
Significant deficiency(ies) identified not considered to be material weaknesses?	<u> </u>	yes	<u> x </u> no
Type of auditors’ report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	<u> x </u>	yes	<u> </u> no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.010	Title I Grants to Local Education Agencies
84.395A	SFSF Federal Stabilization (RTTT-ARRA)
14.218	Community Development Block Grant (CDBG)
10.553, 10.555, 10.556	Child Nutrition Cluster
97.056	Port Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:	<u> \$300,000 </u>
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Auditee qualified as low-risk auditee?	<u> </u>	yes	<u> x </u>	no
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TOWN OF NORTH KINGSTOWN, RHODE ISLAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

Section II – Financial Statement Findings

2014-001 Timely Reconciliation of Cash and Other Material Accounts:

Criteria:

The Town is responsible for preparing its financial statements, and designing and implementing internal control over financial reporting to prevent, and correct and detect on a timely basis material errors and fraud. Also, under Rhode Island General Law (RIGL) 45-10-5, municipalities are required to file their annual audited financial statements within six months after the close of their fiscal year.

Condition:

During the fiscal year ended June 30, 2014, the Town did not reconcile its pooled cash account, certain other non-pooled cash accounts, and certain other material account balances on a monthly basis and did not compare reconciled amounts to amounts reported in its general ledger or subsidiary ledgers on a monthly basis.

Effect:

As a result of the absence of a monthly reconciliation process, the Town expended significant human resources after year-end to reconcile such accounts and to record adjustments to transactions previously recorded in its general ledger throughout the year. Also, the Town was unable to timely file its annual audited financial statements by December 31, 2014 as required by RIGL 45-10-5.

Cause:

Prior to the year ended June 30, 2013, the Town experienced staffing shortages in its Finance Department. Although the Town subsequently hired a controller, upon his hiring he focused his efforts on completing the Town's financial reporting for the year ended June 30, 2013 and was unable to appropriately account for transactions in accordance with governmental accounting standards on a current basis.

Recommendation:

We recommend that the Town continue to review the design of its system of internal control over financial reporting and implement corrective actions, where required, to meet the requirements of RIGL 45-10-5. Also, the Town should institute certain monitoring activities to ensure that, among other internal controls, cash and other material accounts are being properly reconciled, compared to amounts reported in subsidiary ledgers and/or the general ledger, and that any correcting entries are reported in the proper financial reporting period.

TOWN OF NORTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014

Section II – Financial Statement Findings (Continued)

2014-001 Timely Reconciliation of Cash and Other Material Accounts (continued):

Views of Responsible Officials and Planned Corrective Actions:

The Deputy Finance Director left in midyear 2014, before the fiscal 2014 closing. After careful consideration, an internal promotion was offered in September of 2014. This resulted in movement within the department pursuant to the labor contract and timeline requirements for job postings and hiring. The Finance Department was at full staffing for the last four months of fiscal 2015. Management has made staff training a priority during this period. The Finance Department has made significant progress in preparing timely reconciliations and it is management's objective to complete monthly reconciliations within twenty days after month-end.

2014-002 Conversion of Accounting Information on the Budgetary Basis to GAAP Basis:

Criteria:

Throughout the fiscal year, the Town reports financial transactions within all its funds on the budgetary basis of accounting. For external financial reporting, the Town is required to report and present financial statements using accounting principles generally accepted in the United States for governmental entities (GAAP). GAAP requires governmental funds to be reported using the modified accrual basis of accounting and proprietary funds to be reported using the full accrual basis of accounting.

Condition:

As a result of using the budgetary basis of accounting throughout the year, the Town is required to adjust amounts reported in its general ledger for all funds from the budgetary basis of accounting to GAAP for external financial reporting purposes.

Effect:

The Finance Department expends significant human resources converting its financial reporting from the budgetary basis to GAAP and does not always identify budgetary basis to GAAP differences accurately and/or completely.

Cause:

The procedures required to make the adjustment from the budgetary basis of accounting to the required GAAP basis are not documented.

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

Section II – Financial Statement Findings (Continued)

2014-002 Conversion of Accounting Information on the Budgetary Basis to GAAP Basis (continued):

Recommendation:

Business activities reported within proprietary funds should be accounted for using the full accrual basis of accounting for both internal and external financial reporting. The Finance Department should identify all differences between the budgetary basis of accounting and respective basis of accounting required to be used for each fund at the beginning of each fiscal year, prepare written policies and procedures to convert internally reported amounts to GAAP, and make all adjustments necessary to report transactions in accordance with GAAP as part of its normal year-end closing process.

Views of Responsible Officials and Planned Corrective Actions:

Management will study the issue, and develop policy and procedures with a goal of implementing the auditors' recommendation in fiscal 2016.

2014-003 Recording Certain Revenue and Expenditure Transactions as Inter-fund Transactions:

Criteria:

Revenue and expenditure transactions are required to be reported in the respective fund that earns the revenue or incurs the expenditure using the appropriate basis of accounting required by GAAP.

Condition:

Throughout the year, certain transactions are recorded within inter-fund due to/from accounts, or are reported directly as increases or decreases to fund balance, rather than as revenue or expenditure transactions in accordance with GAAP.

Effect:

Significant human resources were required to reconcile amounts initially reported as beginning of the year fund balances and to reconcile amounts due to and due from other funds. As a result, significant adjustments to amounts previously recorded in the accounting records were required to recognize certain revenues or expenditures in accordance with GAAP.

TOWN OF NORTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014

Section II – Financial Statement Findings (Continued)

2014-003 Recording Certain Revenue and Expenditure Transactions as Inter-fund Transactions (continued):

Recommendation:

Amounts representing revenue or expenditures should be recorded in each fund using the appropriate basis of accounting required by GAAP. Transactions should not be reported directly to beginning of the year fund balance, and transactions reported within each fund's inter-fund due to/from account should be reconciled on a monthly basis.

Views of Responsible Officials and Planned Corrective Actions:

The auditors' recommendation will be implemented in fiscal 2016.

2014-004 Reconciliation of Certain Non-Material Asset and Liability Accounts:

Criteria:

The Town is responsible for preparing its financial statements, and designing and implementing internal control over financial reporting to prevent, and correct and detect on a timely basis material errors and fraud.

Condition:

During the year ended June 30, 2014, the Town did not reconcile all non-material asset and liability accounts on a periodic basis and compare reconciled amounts to amounts reported in its general ledger or subsidiary ledgers.

Effect:

As a result of the absence of a formal process to reconcile all non-material asset and liability accounts on a periodic basis, the Town expended significant human resources after year-end to reconcile such accounts and to record adjustments to transactions previously recorded in its general ledger throughout the year.

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

Section II – Financial Statement Findings (Continued)

2014-004 Reconciliation of Certain Non-Material Asset and Liability Accounts (continued):

Cause:

The Town has not developed a formal process to reconcile all non-material asset and liability accounts on a periodic basis.

Recommendation:

The Town should develop a formal financial reporting closing checklist for the finance department to use and complete as part of its monthly closing process. The checklist should require that all material asset and liability accounts for each fund be reconciled on a monthly basis and that all other asset and liability accounts for each fund be reconciled on at least a quarterly basis.

Views of Responsible Officials and Planned Corrective Actions:

Full staffing levels will allow management to develop the suggested policy and procedures as recommended by the auditors. Management's goal is to implement the recommendations by the end of the third quarter during fiscal 2016.

Section III – Federal Award Findings

2014-005 Timely Filing of Data Collection Form

Criteria:

The Town is required to file its single audit report and data collection form with the Federal Audit Clearinghouse not later than the earlier of nine months after the end of its fiscal year or 30 days after receipt of its single audit report.

Condition:

The Town did not file its single audit report and data collection form for the year ended June 30, 2013 with the Federal Audit Clearinghouse within the required timeframe.

Effect:

Failure to meet the filing requirements is a material weakness in internal control.

TOWN OF NORTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014

Section III – Federal Award Findings (Continued)

2014-005 *Timely Filing of Data Collection Form (continued)*

Cause:

The Town's financial statement audit for the year ended June 30, 2013 was not completed until March 2014, which ultimately delayed the completion of the Town's single audit for the year ended June 30, 2013.

Recommendation:

Management should review the design of its system of internal control over financial reporting and implement corrective action to complete the audit of its financial statements and its single audit on a timely basis.

Views of responsible officials and Planned Corrective Actions:

Management's goal is to complete the fiscal 2015 audit on schedule.

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

Town Hall, 80 Boston Neck Road
North Kingstown, RI 02852
(401) 294-3331

CORRECTIVE ACTION PLAN

Project Name: Town of North Kingstown, Rhode Island
Audit Firm: LGC&D LLP
Audit Period: Year ended June 30, 2014

2014-001:

Timely Reconciliation of Cash and Other Material Accounts:

Finding:

The Town did not reconcile its pooled cash accounts, certain other non-pooled cash accounts, and certain other material account balances on a monthly basis.

Corrective Actions Taken or Planned:

The Deputy Finance Director left in midyear 2014, before the fiscal 2014 closing. After careful consideration, an internal promotion was offered in September of 2014. This resulted in movement within the department pursuant to the labor contract and timeline requirements for job postings and hiring. The Finance Department was at full staffing for the last four months of fiscal 2015. Management has made staff training a priority during this period. The Finance Department has made significant progress in preparing timely reconciliations and it is management's objective to complete monthly reconciliations within twenty days after month-end.

2014-002:

Conversion of Accounting Information on the Budgetary Basis to GAAP Basis:

Finding:

The Finance Department expends significant human resources converting its financial reporting from the budgetary basis to GAAP and does not always identify budgetary basis to GAAP basis differences accurately and/or completely.

Corrective Actions Taken or Planned:

Management will study the issue, and develop policy and procedures with a goal of implementing the auditors' recommendation in fiscal 2016.

CORRECTIVE ACTION PLAN (CONTINUED)

Project Name: Town of North Kingstown, Rhode Island
Audit Firm: LGC&D LLP
Audit Period: Year ended June 30, 2014

2014-003:

Recording Certain Revenue and Expenditure Transactions as Inter-fund Transactions:

Finding:

Certain transactions were recorded within inter-fund due to/from accounts or as increases or decreases to fund balance rather than as revenue or expenditure transactions.

Corrective Actions Taken or Planned:

The auditors' recommendation will be implemented in fiscal 2016.

2014-004:

Reconciliation of Certain Non-Material Asset and Liability Accounts:

Finding:

All non-material asset and liability accounts were not reconciled on a periodic basis.

Corrective Actions Taken or Planned:

Full staffing levels will allow management to develop the suggested policy and procedures as recommended by the auditors. Management's goal is to implement the recommendations by the end of the third quarter during fiscal 2016.

2014-005:

Timely Filing of Data Collection Form:

Finding:

The Town did not file its single audit and data collection form with the Federal Audit Clearinghouse within the required timeframes.

Corrective Actions Taken or Planned:

Management's goal is to complete the fiscal 2015 audit on schedule.

TOWN OF NORTH KINGSTOWN, RHODE ISLAND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2014

Identifying Number:

2013-002 Assistance to Firefighters Grant (CFDA #97.044)

Audit Finding:

During our audit, we noted that the Town completed the required reporting but could not provide support that the reporting was timely submitted. Additionally, we noted that there was a lack of review procedures to ensure that reports were accurately and timely submitted.

Corrective Action Taken:

The Town has established a policy whereby the Fire Chief, or his designee, reviews the reports prior to them being filed. The filing is now done electronically. A confirmation is provided upon completion of the filing noting the time/date of the filing; additionally, this confirmation is retained by the Town.