



# Pappas & Company

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Accountant's Report

Board of Education  
Jericho Union Free School District  
99 Cedar Swamp Road  
Jericho, New York 11753-1202

We have examined the effectiveness of the District's internal control over financial reporting for Central Administrative code expenditures (including credit card charges) and the reimbursement of expenses to Administrators, as specified by the Board of Education, for the period July 1, 2003 through June 30, 2004. The Board of the District is responsible for maintaining effective internal control over financial reporting. Our responsibility is to express an opinion on the effectiveness of internal control based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included obtaining an understanding of the internal control over financial reporting, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Because of the inherent limitations in any system of internal controls, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal control over financial reporting to future periods are subject to the risk that the internal controls may become inadequate because of changes in conditions.

In our opinion, the District has maintained, in all material respects, effective internal control over Central Administration code expenditures and reimbursements to Administrators over financial reporting for the period July 1, 2003 through June 30, 2004.

*Pappas & Company*

August 20, 2004



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September 17, 2004

Board of Education  
Jericho Union Free School District  
Jericho, New York

Dear Members of the Board:

We have completed our examination of the District's internal control over financial reporting for Central Administrative code expenditures (including credit card charges) and the reimbursement of expenses to Administrators, as specified by the Board of Education, for the period July 1, 2003 through June 30, 2004. The Board of Education is responsible for maintaining effective internal control over financial reporting. Our responsibility is to express an opinion on the effectiveness of internal control based on our examination.

The objective of internal accounting control is to provide reasonable, but not absolute assurance as to the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management, either with respect to the execution and recording of transactions, or with respect to the estimates and judgments required in the preparation of financial schedules. Also, projection of any evaluation of internal control to future periods is subject to the risk that the procedures may become inadequate because changes in conditions and the degree of compliance with procedures may deteriorate.

Our study and evaluation of the District's system of internal accounting over Central Administration code expenditures (including credit card charges) and the reimbursement of expenses to administrators, as specified by the Board of Education for the period July 1, 2003 through June 30, 2004 was made primarily for the purpose set forth in the first paragraph of this letter and would not necessarily disclose all weaknesses in the system because it was based

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on selective tests of accounting records and related data. However, as a result of our study and evaluation, we are pleased to report that there were no material weaknesses in the system of internal accounting control. Nevertheless during our audit we noted certain matters involving the internal control structure and other operational matters that we feel merit your consideration. These comments and recommendations, which have been discussed with appropriate members of the administration, are summarized in the sections that follow:

In our current environment of heightened awareness it is recommended that:

- The District's personnel document current practices regarding reimbursement of expenditures such as the \$57.50 a day for meal allowance and the 17 cents per mile car reimbursement. This documentation should be a part of a procedures manual or administrative regulations.
- Documentation for reimbursement of expenditures and for the use of the one school district credit card should be enhanced. Documentation shall be considered adequate if it shows the amount of the expenditure, the date, the place, and the essential character of the expense. The documentation should include original receipts and information pertaining to the expenditure including items such as conference brochures and/or individuals participating in the event.
- The State acknowledges that meals at meetings held by the District officials is a proper expenditure when the District administrators and the Board of Education are faced with business of an immediate nature and it is essential that the meetings be held at mealtime. The State would look at the reasonableness of the cost of food, the opportunity to hold the meeting at another time, and the possibility of utilizing the school district's food service program. The names of attendees and the nature of the business for such meetings should also be included with all payments for food at district meetings.
- The purchase order process should be used for school district membership dues (i.e., SCOPE, NYS School Boards Association) rather than the issue and pay process when the invoice is received.

We would like to express our appreciation for the cooperation and courtesy extended to us by the District's personnel during the engagement. Should you have any questions concerning the foregoing comments, we shall be pleased to discuss them with you at your convenience.

Very truly yours,

  
Pappas & Company