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September 17, 2019

To the Board of Education and Management
Jericho Union Free School District
Jericho, New York

In planning and performing our audit of the financial statements of the Jericho Union Free School District (District) as of and for the year ended June 30, 2019, 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 auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion 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.

During our audit, we noted an opportunity for strengthening the District's internal controls. The memorandum that accompanies this letter summarizes our comment and suggestions concerning this matter. This letter does not affect our report dated September 17, 2019, on the financial statements of the Jericho Union Free School District.

We have already discussed our comment and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of the matter, or to assist you in implementing the recommendation.

This communication is intended solely for the information and use of the Board of Education, Audit Committee, management, others you deem appropriate within the District, and any governmental authorities you need to share this information with. It is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Cullen & Danowski, LLP

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PRIOR YEAR'S COMMENT

Stale-dated Outstanding Checks

Monthly bank reconciliation between the District's book balances and the bank's balances of the District's bank accounts is an effective internal control which helps ensure that cash transactions are properly recorded in the District's books. Reconciling items and checks that have been outstanding for an extended period of time should be investigated and resolved timely.

We noted last year that while uncleared checks that were outstanding for more than one year for most of the District's checking accounts had been voided by the District, the payroll and the school food service fund checking accounts had some outstanding checks that were more than one year old at year end; the amounts of those outstanding checks were not significant.

During the current year audit, we noted that there were no significant outstanding checks that were over a year old. We consider this comment closed.

CURRENT YEAR'S COMMENT

Extraclassroom Activity Funds

The extraclassroom activity (ECA) funds are the depository of student money. School districts are required to have policies and procedures to safeguard these student funds. The New York State Education Department (SED) publishes a finance pamphlet titled *Safeguarding, Accounting and Auditing of Extraclassroom Activity Funds (Revised 2015)*, a 51-page document that provides in detail the rules, basic principles, guidelines for organizing extraclassroom activities, controlling receipts and disbursements, recording and reporting transactions, sales tax requirements, as well as examples and illustrations. At the beginning of each school year, the Board-appointed Central Treasurer of the ECA funds, who is a member of the District's Business Office staff, would send a memorandum containing the District's ECA funds procedures, which are summarized from the SED pamphlet, to all student club faculty advisors.

During the current audit, we interviewed some faculty advisors about their clubs' cash handling and fundraisers procedures, as well as tested cash receipts and disbursements transactions of the High School and Middle School ECA funds. We noted the following:

- Although student clubs submitted statements of profit and loss along with monies received from fundraisers to the Central Treasurer for deposit, the information provided in the statements often only included the total amount of cash receipts and lacked sufficient description of the quantities of items sold.

- For fundraisers that were shows or performances where tickets were sold, the clubs did not have adequate accounting of the tickets that would have allowed a reconciliation of the tickets sold to the actual cash receipts.

- One instance where the amount of cash brought by a club's faculty advisor to the Central Treasurer for deposit was less than the amount of total cash receipts written on the statement of profit and loss and the deposit form. Both the statement of profit and loss and the deposit form appeared to be

written in the student treasurer's handwriting, and were signed by the student treasurer and the faculty advisor. The Central Treasurer counted the money and questioned the faculty advisor about the discrepancy; the faculty advisor responded that she had counted the proceeds from certain segment of the fundraiser show twice. The District's Business Office existing internal controls are operating properly as they were able to discover the discrepancy.

We recommend the following:

- In addition to the existing practice where the Central Treasurer sends an annual memorandum outlining required procedures to all faculty advisors, the District may consider providing a copy of the SED's 51-page pamphlet to the faculty advisors to accompany the Central Treasurer' memorandum. The detailed explanations and illustrations in the pamphlet should help faculty advisors better understand the process.

- Consider having the District's internal auditors provide an in-person workshop at the beginning of each school year to all club faculty advisors in order to answer their questions and help them understand the proper procedures and their importance.

- In addition to what the Central Treasurer already performs, which include reconciliations of cash receipts and disbursements of the student clubs and reviewing statements of profit and loss received from the clubs, the District may consider appointing a faculty auditor as suggested in the SED's pamphlet to periodically audit fundraising procedures and documentation of the student clubs to ensure the faculty advisors and student officers are following proper procedures. Alternatively, the District may consider requesting the District's internal auditors to perform these periodic audits as part of their internal controls review and testing.

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BOARD OF EDUCATION
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September 11, 2019

Cullen & Danowski, LLP
Mr. Alan Yu
1650 Route 112
Port Jefferson Station, NY 11776-3060

Dear Mr. Yu,

This letter is to inform you of the Corrective Action Plan for the Jericho UFSD in response to your Management Letter comments associated with your audit of the District's financial statements as of June 30, 2019.

Current Year Comment – We noted the following upon interviewing faculty advisors about their club's cash handing and fundraising procedures as well as testing cash receipt and disbursements transactions of the High School and Middle School ECA funds.

- *Although student clubs submitted statements of profit and loss along with monies received from fundraisers to the Central Treasurer for deposit, the information provided in the statements often only included the total amount of cash receipts and lacked sufficient description of the quantities of items sold.*

- *For fundraisers that were shows or performances where tickets were sold, the clubs did not have adequate accounting of the tickets that would have allowed a reconciliation of the tickets sold to the actual cash receipts.*

- *One instance where the amount of cash brought by a club's faculty advisor to the Central Treasurer for deposit was less than the amount of total cash receipts written on the statement of profit and loss and the deposit form. Both the statement of profit and loss and the deposit form appeared to be written in the student treasurer's handwriting, and were signed by the student treasurer and the faculty advisor. The Central Treasurer counted and questioned the faculty advisor about the discrepancy; the faculty advisor responded that she had counted the proceeds from certain segment of the fundraiser show twice. The District's Business Office existing internal controls are operating properly as they were able to discover the discrepancy.*

In addition to the annual memorandum outlining the required procedures that is sent to all faculty advisors the District will attach a copy of the SED's finance pamphlet, which details the fundraising procedures and documentation to ensure proper procedures are being followed. The District will also consider requesting the internal auditors to provide an annual in-person workshop to all club faculty advisors to help them understand the importance of proper procedures. The District will also consider requesting the internal auditors to periodically audit and review the internal controls surrounding the extra-classroom procedures.

Sincerely,

Denise Gillis
Treasurer

cc: Mr. Henry Grishman, Superintendent
Mr. Victor Manuel, Assistant Superintendent for Business Affairs