

September 27, 2018

To the Board of Education and
Ms. Marianne Heslin
Assistant Superintendent of Business and Operations
Pocantico Hills Central School District
599 Bedford Road
Sleepy Hollow, New York 10591

In planning and performing our audit of the financial statements of the governmental activities, each major fund and the fiduciary funds of the Pocantico Hills Central School District as of and for the fiscal year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered Pocantico Hills Central School 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 Pocantico Hills Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Pocantico Hills Central School 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.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

JOURNAL ENTRIES

Journal Entries

During our current year audit we noted for all journal entries selected for testing there were no dates noted on the journal entry approvals. We recommend the District implement procedures whereby the Assistant Superintendent for Business and Operations dates each journal entry as it is reviewed to show that each entry has been reviewed in a timely manner.

EXTRACLASSROOM ACTIVITIES

Cash Disbursements

During our current year audit we noted that in 10 out of 10 payments tested, the voucher package was not properly cancelled. We recommend the District stamp invoices "paid" to avoid potential duplicate payment.

PAYROLL

Payroll Change Report

During our current year audit we noted a responsible official does not periodically review the *Payroll Change Report* from Finance Manager. We recommend the District implement procedures to review the *Payroll Change Report* to assure that payroll changes are being properly authorized and input correctly.

STATUS OF PRIOR YEAR RECOMMENDATIONS

PURCHASING

Permissions

FINDING: During our prior year audit, we noted that employees of the Business Office other than the Purchasing Agent and Deputy Purchasing Agent have permission to approve and convert requisitions into purchase orders. We did note that in the prior year, *BOCES* communicated to the District that these permissions were removed; however the District did not review the permissions to ensure the changes were made. We recommended that only the Purchasing Agent and Deputy Purchasing Agent have the ability to convert purchase orders.

STATUS: Implemented.

CAPITAL ASSETS

Capital Asset Tracking

FINDING: During our prior year audit, of capital assets we noted that in 4 out of 5 capital assets tested an identification tag was missing. We recommended the District ensure that all capital assets were tagged so that at any given point in time they can properly identify and account for the District's

entire capital asset inventory.

STATUS: Implemented.

Additions Review

FINDING: During our prior year audit, we noted in 2 out of 5 assets selected for testing, a food processor and a hand mixer purchased in the school lunch fund that exceeded the capitalization threshold, were not recorded as an addition. We recommended the District review the additions submitted to the outside appraisal company, and perform a reconciliation between the .200 equipment codes and the additions submitted to the outside appraisal company be prepared to ensure all items requiring capitalization were captured.

STATUS: Implemented.

Monitoring Capital Assets

FINDING: During our prior year audit, we noted construction in progress, building additions and the correlating depreciation were not properly reported in the capital asset report prepared by the outside appraisal company. We recommended the District provide the information on construction in progress and building additions to their outside appraisal company to properly report the activity in construction in progress, building additions and the correlating depreciation in the year end reports.

STATUS: Implemented.

SCHOOL LUNCH

Fund Balance

FINDING: During our prior year audit, we noted the school lunch fund balance exceeded the three-month average expenditure level allowed by Federal Regulations 7 CFR Part 210.14(b). We recommended the District design and implement measures to lower the fund balance for the 2017-2018 year.

STATUS: Implemented.

EXTRACLASSROOM ACTIVITIES

Sales Tax

FINDING: During our prior year audit, we noted that the District did not file a sales tax return for the extraclassroom accounts. However, we did note that the District subsequently received a tax identification number and would be filing a sales tax return for the extraclassroom accounts in the 2017-2018 year. We recommended the District implement guidelines to ensure that the extraclassroom accounts were filing sales tax returns when applicable.

During our prior year audit, we also noted for one out of ten cash

disbursements tested, the extraclassroom account did not pay sales tax. We recommended the District implement guidelines to ensure that the extraclassroom accounts were properly paying sales tax on qualified purchases.

STATUS: Implemented.

Cash Disbursements

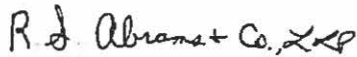
FINDING: During our prior year audit, we noted three out of ten cash disbursements tested did not have sufficient documentation. We recommended that the District obtain proper documentation prior to payment. This would improve the internal controls over cash disbursements.

STATUS: Implemented.

We would like to acknowledge the courtesy and assistance extended to us by personnel of the District and also compliments 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
Islandia, NY
September 27, 2018