

To the Board of Education and  
Mr. Sean Leister, Deputy Superintendent  
Port Jefferson Union Free School District  
550 Scraggy Hill Road  
Port Jefferson, New York 11777

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the fiduciary funds of Port Jefferson Union Free School District as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered Port Jefferson Union Free 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 Port Jefferson Union Free School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Port Jefferson Union Free 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 suggestion concerning these matters. We have also included the status of prior year findings and recommendations.

## **CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

### **CASH**

During our current year audit, we noted 18 outstanding checks greater than one year old totaling \$2,278.13 on the extra classroom bank reconciliations. We recommend the District review outstanding checks by the end of the year and adjust the accounting records, accordingly.

### **BUDGET TRANSFERS**

During our current year audit, we noted in four of the five budget transfers tested the budget transfer was recorded in the accounting records prior to the Superintendent or Board approval. We recommend that budget transfers only be recorded in the accounting records after proper Superintendent or Board approval is obtained.

### **PAYROLL**

#### **Claims Auditor**

During our current year audit, we noted that payroll change reports were reviewed but not signed by the Claims Auditor. We recommend having the Claims Auditor sign the payroll change report to substantiate the review of the payroll change reports. This will improve the internal controls for payroll.

#### **District Treasurer**

During our current year audit, we noted that the District Treasurer marks the payroll report with checkmarks, as opposed to signing the report. We recommend having the District Treasurer sign the payroll report prior to the checks being distributed. This will improve the internal controls for payroll.

### **PURCHASING AND EXPENDITURES**

During our current year audit, we noted the District does not have a policy of canceling invoices at the time the invoices are paid. Thus, the invoices are susceptible to unintentional duplicate payment. A simple control against this is to mark invoices with a "Paid" stamp. The stamp should provide for notation of check number, date and initials of the individual who reviewed the invoice detail and approved for payment. We recommend that all invoices be stamped paid to avoid a potential duplicate payment of an invoice.

### **EXTRA CLASSROOM ACCOUNTS**

During our current year audit of the District's extra classroom cash receipts, there was a time lag of at least two weeks for five out of the twelve cash receipts tested and two cash receipts lacked a student signature out of the twelve tested. We recommend the District deposit cash receipts timely and require student signatures. This will improve the internal controls for extra classroom cash receipts.

## **STATUS OF PRIOR YEAR RECOMMENDATIONS**

### **PURCHASING AND EXPENDITURES**

**FINDING:** During our prior year audit, we noted the District does not have a policy of canceling invoices at the time the invoices are paid. Thus, the invoices are susceptible to unintentional duplicate payment. A simple control against this is to mark invoices with a "Paid" stamp. The stamp should provide for notation of check number, date and initials of the individual who reviewed the invoice detail and approved for payment. We recommended that all invoices be stamped paid to avoid a potential duplicate payment of an invoice.

**STATUS:** Not Implemented.

### **PAYROLL**

#### **Claims Auditor**

**FINDING:** During our prior year audit, we noted that payroll change reports were reviewed but not signed by the Claims Auditor. We recommended having the Claims Auditor sign the payroll change report to verify their review.

**STATUS:** Not Implemented.

#### **District Treasurer:**

**FINDING:** During our prior year audit, we noted that the District Treasurer marks the payroll report with checkmarks, as opposed to signing the report. We recommended having the District Treasurer sign the payroll report prior to the checks being distributed.

**STATUS:** Not Implemented.

### **ACCOUNTS PAYABLE/ ENCUMBRANCES**

**FINDING:** During our prior year audit, we noted discrepancies in the classification of accounts payable versus encumbrances at year end. We recommended the District review the proper accounting treatment for the classification of accounts payable and encumbrances for each fund, prior to rolling and paying an invoice off encumbrances, as the accounting software has limitations in correcting once this is done.

**STATUS:** Implemented.

**EXTRA CLASSROOM ACCOUNTS**

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

- Two out of twelve cash receipts did not have a receipt number.
- One out of twelve disbursements did not have an invoice that was stamped paid.
- Old outstanding checks for more than one year are being carried on the monthly back reconciliation for the extra classroom accounts.
- The Class of 2018 was not closed out at the fiscal year end.

We recommended the above findings be addressed to improve the internal controls for the extra classroom activity accounts.

**STATUS:** **Partially Implemented.** See current year findings.

**INTERFUND RECEIVABLES AND PAYABLES**

**Reimbursement**

**FINDING:** During our prior year audit, we noted that the District was not reimbursing the trust and agency fund from the general fund when the funds were available. Interfund accounts represent short-term loans between funds. We recommended that the District reimburse the applicable funds in the 2019/2020 school year when the funds are available.

**STATUS:** **Implemented.**

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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 1, 2020