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October 5, 2017

The Board of Education  
Hawthorne Cedar Knolls Union Free School District  
Hawthorne, New York

In planning and performing our audit of the financial statements of the Hawthorne Cedar Knolls Union Free School District (District) as of and for the year ended June 30, 2017, 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 became aware of other matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions concerning those matters. This letter does not affect our report, dated October 5, 2017, on the financial statements of the Hawthorne Cedar Knolls Union Free School District.

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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**STATUS OF PRIOR YEAR COMMENT**

**District Credit Cards**

The District has approved the use of a general purpose credit card. The District's procedure for payment of the credit card is through a direct debit from the checking account. The District Treasurer is responsible for reviewing the charges on the credit card statement and ensuring that the detailed receipts are in agreement with the charges. The Superintendent and the Assistant Superintendent for Finance review the statements and sign off on their individual charges. The claims auditor is also expected to review the supporting documentation.

During our previous audit, within our test sample, we noted the following:

- Although there was evidence of the Treasurer's review, this review was not formally documented by a sign off.
- Two credit card charges were not supported by a receipt or invoice.
- The claims auditor's approval was not evident on the samples selected.

We noted that the business office experienced turnover in key staff positions, which may have caused a breakdown in the review procedures of credit card payments. The District has already reinstated the procedures above. We recommended that the District continue to ensure that the review of credit card payments is formally documented and that the claims auditor reviews all supporting documentation and approves the payment.

*Current Status:* Corrected

**CURRENT YEAR COMMENT**

The District's paraprofessionals are paid an hourly rate based on a six-hour paid work day with one-half hour of unpaid lunch period. Ten-month employees' salaries are annualized and paid in twenty-four payments from September to August. They are also entitled to longevity increments upon reaching various milestones. Employees who have already reached and surpassed Step 15, the top step of the salary schedule, are considered "off step" and would receive percentage increases to their hourly rates annually through the term of the bargaining unit agreement.

During our audit, within our test sample, we noted instances in which the calculation of the hourly rates for paraprofessionals who were off step was not adequately documented.

We recommend that the Board formally approve the annualized hourly rates for paraprofessionals who are off step in order to appropriately document their authorized pay rates.

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