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October 5, 2016

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, 2016, 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.

The memorandum that accompanies this letter summarizes an observation we made during our audit. This letter does not affect our report, dated October 5, 2016, 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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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 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 note 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 recommend 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.
