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October 5, 2018

To the Board of Education and Management
East Islip Union Free School District
Islip Terrace, New York

In planning and performing our audit of the financial statements of the East Islip Union Free School District (District) as of and for the year ended June 30, 2018, 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 certain opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions concerning those matters. This letter does not affect our report dated October 5, 2018, on the financial statements of the East Islip Union Free School District.

We have already discussed many of these comments and suggestions with various District personnel, and we would be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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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Information Technology Controls

Policies and procedures for Information Technology (IT) are part of internal controls and provide guidelines for school district employees. A formal disaster recovery plan provides guidance for employees to follow in the event of a disaster to help minimize equipment and data loss, and to recover data.

In the prior year audit, we noted that the District finalized a disaster recovery plan and presented it to the board for approval. In addition, the District determined that it would test the disaster recovery plan over the next few years and document the outcomes to improve the protocols.

We noted this year that the plan was not tested during the year; management again indicated that the plan will be tested over the next few years. We consider this comment addressed by the District as long as management follows through and tests the plan over the next few years and document the outcome.

Capital Assets Capitalization Threshold

The responsibility of safeguarding the District's investment in capital assets is important to sound fiscal management, and can only be discharged through adequate capital assets accounting, and conducting periodic reviews on the inventory of capital assets. The District utilizes the services of a third-party capital assets management company to maintain and update its capital assets inventory report.

During our prior year audit, we had reported that the District's current capital assets policy had capitalization thresholds of \$500 and more for machinery and equipment acquisitions, and \$5,000 and more for non-equipment acquisitions. However, we had also noted that the District was recording machinery and equipment and non-equipment acquisitions under this threshold on their capital assets report for inventory tracking purposes. We had recommended that the District consider revising its capitalization policy to match the actual thresholds being used in assets tracking.

During the current year audit, management indicated in their corrective action plan that they will continue to track inventory below these designated thresholds for asset tracking purposes. This was consistent with our review of the capital asset additions for the current fiscal year as we noted that amounts below this threshold continue to be added and depreciation on the capital asset reports. We also noted that subsequent to the end of the 2017-18 fiscal year, management has prepared and provided an updated capitalization policy to the Board of Education for their review and consideration.

We encourage the District to continue to maintain robust capital asset inventory controls and periodically review their capital assets policies to ensure they meet the District's goals and needs.
