

SACHEM CENTRAL SCHOOL DISTRICT
STATUS OF PRIOR YEAR RECOMMENDATIONS

Collateralization of Cash Accounts

Finding: We noted that not all cash accounts were included in the total cash to be collateralized. We also noted that the District is not monitoring collateral monthly. We recommended that the District include all cash accounts and review collateral monthly. This review should be documented on the monthly treasurer's report.

Status: We noted that all cash accounts are included on the monthly treasurer's reports and review of all collateral is documented on treasurer's reports.

Fixed Assets

Finding: We noted that the District has not had an outside appraisal of its fixed assets inventory since June 30, 2002. We also noted that not all fixed assets are properly tagged when received to facilitate tracking inventory during the year. We recommended the District obtain an outside fixed asset valuation of all its assets and implement a system to track the fixed assets during the year to ensure the proper controls are in place to safeguard the District's fixed assets.

Status: The District has had a fixed asset valuation performed by RCI. The District plans on implementing a tagging system for all applicable purchases beginning in the 2006-2007 school year.

Treasurer's Report

Finding:: We noted that not all cash accounts were included on the treasurer's report submitted to the Board. We recommended that all cash accounts be included on the treasurer's report for the Board to review.

Status: All cash accounts are now included on the treasurer's reports submitted to the Board.

Payroll Tax Returns

Finding: We noted that salary expenditure codes are reconciled to payroll reports by pay period. We recommend that the District reconcile the quarterly payroll tax returns to the District's salary expenditure codes reported in the District's accounting system on a quarterly basis.

Status: Salary expenditure codes are now reconciled to payroll tax returns at least quarterly.

Cash Disbursements

Finding: We noted that certain invoices predated the purchase order date. Per the District's purchasing policy and general municipal law, purchases should only be made by utilizing a valid approved purchase order. We understand that this could occur due to emergencies, but these should be kept to a minimum. We recommended that all purchases contain a properly approved purchase order prior to ordering goods or services to improve the internal controls for cash disbursements and purchasing.

Status: During our test of controls we again noted some instances of invoices predating the purchase order. We understand that in some cases these may be emergencies, but, we recommend in general that an approved purchase order be issued prior to purchasing goods or services in accordance with General Municipal Law and the District's Purchasing Policy.

Travel and Conference

Finding: We noted that some invoices for travel and conferences did not contain supporting documentation for attendance at the conferences. We recommended that individuals attending a conference submit a registration form, brochure and or summary of what was learned at the conference to support attendance at the conference.

Status: During our test of controls we again noted some instances of insufficient documentation of attendance at a conference. We recommend requiring supporting documentation such as registration forms, conference brochures or a written summary of conference topics to support attendance at conferences.

Extraclassroom Activity Accounts

Finding: We noted the following in some cases:

- Missing original invoices and/or proper approvals.
- Pre-numbered receipts were not issued for cash collected.
- Invoices were not stamped paid.
- Deposit detail did not reconcile to deposit activity.
- Bank reconciliations were not prepared or were inaccurate.

- Detailed ledgers were not kept or did not agree to the bank reconciliation and or report.
- Missing charters for clubs.
- Some accounts have negative balances.
- Interest income was not allocated to clubs.

We recommended that the internal auditors review the extraclassroom accounts quarterly to improve the procedures for the extraclassroom accounts. We also recommended continuing the training of the extraclassroom treasurers and advisors of the proper procedures required by the State Education Department.

Status: The internal auditors reviewed the extraclassroom accounts for the quarter ended March 31, 2006 and provided training to the extraclassroom treasurers and advisors. In the current year, we had findings with the internal controls for the extraclassroom accounts. (See current year findings)

Federal Grants

Finding: We noted that computer equipment purchased with special aid funds was not properly tagged. We recommended all equipment purchased with federal funds be properly tagged and the inventory be monitored. The District has since implemented this procedure.

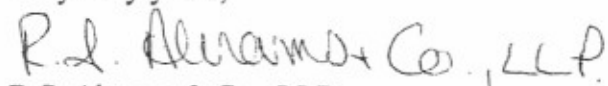
Status: The District plans on implementing a tagging system for all applicable purchases beginning in the 2006-2007 school year.

Finding: We also noted that individuals were being paid with federal funds and were not completing a Certification Form Circular A-87, H (3) documenting the time spent on federal grant activities. We recommended utilizing this form to assist the District in monitoring federal grant salary expenditures.

Status: The District is currently utilizing the certification Form, Circular A-87, H(3) to assist in documenting time spent on federal grant activities and monitoring federal grant salary expenditures.

The foregoing comments and recommendations are intended solely for the information and use of the audit committee, management, and others within the District and should not be used by anyone other than these specified parties.

Very truly yours,


R.S. Abrams & Co., LLP.