

September 26, 2018

To the Board of Education of the
Peekskill City School District
1031 Elm St.
Peekskill, New York 10566

In planning and performing our audit of the financial statements of the Peekskill City School 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 Peekskill City School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements in accordance with *Government Auditing Standards* and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 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 management of the Peekskill City School District is responsible for establishing and maintaining an internal control structure. An internal control system consists of five elements: the control environment, risk assessment, information and communication, monitoring, and control activities. Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated September 26, 2018 on the financial statements of the Peekskill City School District. Certain matters involving the internal control structure and its operation, of a more routine nature, have been discussed with the appropriate administrative personnel. Our comments are summarized as follows:

INTERNAL CONTROL PROCEDURES

During our review of the District's open purchase orders at year end we noted several purchase orders that were increased per approval of the Purchasing Agent, but the changes were not noted on the original purchase orders. We recommend that any changes to existing purchase orders be reflected in a new purchase order or the identified with an adjustment on the existing purchase order.

District's Response – The purchase order confirms the existence of a contract between the District and the vendor. Any request to modify an order in the future will require a written memo with the reason for modification to the Purchasing Agent and a new purchase order will be written.

PREVIOUS RECOMMENDATIONS

During our review of the activity in the Trust and Agency Fund, we noted that a variance in the bank reconciliation was not corrected in a timely fashion. The District performed the bank reconciliation and identified the variance with the trial balance, but the variance was not investigated and corrected. We recommend that all variances identified during the bank reconciliation process be corrected in a timely fashion.

District's Response – The District will implement a system of dual control account reconciliation to avoid errors in the future. The initial reconciliation will be performed by the payroll clerk and the second reconciliation will be performed by the Fund Accountant for both the Trust and Agency and health insurance.

During our review of the District's extraclassroom activities we noted that the Middle School clubs are not preparing profit and loss reports at the conclusion of fundraising activities. We had no findings related to the High School profit and loss reports. A profit and loss report should be completed and kept with the accounting records at the conclusion of all fundraising activities.

District's Response – All advisors are trained annually in the proper handling and safeguarding of extra classroom accounts. A portfolio is also given to each advisor with all necessary forms for the accounting function; this also includes the profit and loss statement template to be used for each fundraiser. This portfolio should be turned over to the auditor during the external audit for their review. Additional training will be held with the Central Treasurers to reinforce the process.

The District has addressed our other previous recommendations.

We would like to thank the staff that assisted us during our examination and provided us with all the necessary records.

Very truly yours,



COOPER ARIAS, LLP