

LYNDONVILLE CENTRAL SCHOOL DISTRICT

NEW YORK

***COMMUNICATING INTERNAL CONTROL
RELATED MATTERS IDENTIFIED IN AN AUDIT***

For Year Ended June 30, 2021



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

October 11, 2021

To the Board of Education
Lyndonville Central School District, New York

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lyndonville Central School District, New York as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Lyndonville Central School District, New York's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated October 11, 2021 on the financial statements of the District. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized as follows:

Prior Year Deficiencies Pending Corrective Action:

Banking Procedures –

Our examination revealed that the District does not have a dedicated computer terminal to be used exclusively for online banking transactions.

In order to enhance the controls over wire transfers and online banking, we recommend the District consider utilization of a dedicated computer terminal to be used exclusively for online banking transactions.

(Prior Year Deficiencies Pending Corrective Action) (Continued)

Purchasing –

During our examination of disbursements, we noted that the purchasing regulation does not address quoting thresholds over \$10,000. In addition, we noted six instances in which a purchase order was not utilized when it appeared to be necessary.

We recommend the Administration review its policies and procedures over the purchasing process and consider updating its regulation to match the current process. In addition, every effort should be made to utilize purchase orders for those purchases not considered to be emergency in nature.

Self-Assessment–

The District has documented written procedures over its financial cycle, however, the District is not required to have an internal audit and has not performed an assessment of those procedures for several years.

We recommend management review its procedures and update them for any changes or current risks. In addition, management should consider developing written procedures for other significant areas such as budgeting, purchasing, human resources, retiree health billing, STAC, and Medicaid.

Current Year Deficiencies in Internal Control:

Disbursements –

During our examination, one of the cash disbursements was unavailable for our review. This resulted from the accidental disposal of invoices. The majority of these invoices were able to be recreated, however, some originals were lost and could not be reproduced.

While we understand that this was an isolated circumstance, it is important to maintain proper storing of documentation.

Retirement System Opt-out –

During our review of retirement system reporting, we noted five instances in which an individuals opt out form was not available for our review.

We recommend every effort continue to be made to maintain these forms on file.

School Lunch –

During the course of our examination, we noted that the fund balance in the School Lunch Fund at June 30, 2021 totaled \$127,561. This balance appears to be in excess of the three months average expenditures level recommended by Federal Regulation #7CFR Part 210.15.

We recommend the District continue to monitor the fund balance in order to comply with the Federal Regulation.

Other Items:

The following items are not considered to be deficiencies in internal control; however, we consider them other items which we would like to communicate to you as follows:

Cyber Risk Management –

The AICPA Center for Audit Quality recently issued a cyber security risk management document discussing cyber threats that face both public and private entities. The District's IT personnel routinely assesses cyber risk as part of their normal operating procedures. We recommend the District continue to document their cyber risk assessment process in writing which should include the risk assessment process, the frequency of the risk assessment, how findings are to be communicated to the appropriate level of management, and how the process will be monitored.

Federal Programs –

As a result of recent federal program changes, the District documents various Federal program procedures through written questionnaires prepared by the Program Coordinators and the Business Office. Recent guidance from the New York State Education Department suggests Federal recipients should enhance their written documentation into a written procedural manual that is more detailed and specific to each federal program compliance requirement.

Prior Year Recommendation:

The following prior year recommendation has been implemented to our satisfaction.

1. The District implemented an independent review of the STAC submissions, which resulted in proper STAC costs being verified as 4408 revenue.

This communication is intended solely for the information and use of management, the Board, audit committee, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

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We wish to express our appreciation to the business office staff for all the courtesies extended to us during the course of our examination.

Rochester, New York
October 11, 2021

Mengel, Metzger, Barw & Co. LLP