

***LYNDONVILLE CENTRAL SCHOOL DISTRICT***

***NEW YORK***

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

***For Year Ended June 30, 2022***



**MENGEL METZGER BARR & CO. LLP**

**Certified Public Accountants**

October 7, 2022

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

In planning and performing our audit of the financial statements of Lyndonville Central School District as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered Lyndonville Central 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, but not for the purpose of expressing an opinion on the effectiveness of the Lyndonville Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lyndonville Central School 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 7, 2022 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 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 that 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.

### **Retirement System Opt-out –**

During our review of retirement system reporting, we noted one instance in which an individual's 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, 2022 totaled \$207,622. This balance appears to be in excess of the three months average expenditures level recommended by Federal Regulation #7CFR Part 210.09 in the amount of \$94,957.

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

## **Current Year Deficiencies in Internal Control:**

### **Disbursements –**

During our review of disbursements, we noted several instances where invoices were not being paid in a timely manner. In addition, we noted that warrants were presented to the Board for review and approval several months after checks were mailed out. Lastly, we noted instances where the claims auditor signed off on warrants several months after the warrant was prepared.

We recommend the District continue to monitor warrants on a regular basis to ensure timely reporting to the Board and payments to vendors.

## **(Current Year Deficiencies in Internal Control) (Continued)**

### **Bidding & Quoting –**

Our examination revealed four instances where purchases made above the quoting threshold did not appear to have the required number of quotations.

We recommend a continued effort be made to comply with Sections 103 and 104(b) of the General Municipal Law and the District's procurement policy.

### **Appropriated Fund Balance and Reserves –**

The District appropriated \$389,539 from reserves and \$656,477 from fund balance. In total, the District is appropriating \$1,046,016 which is approximately 6.85% of the budget.

We recommend the District continue to monitor budget procedures and review long-term reserve and fund balance projections.

### **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. The District should 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 Recommendations:**

The following prior year recommendations have been implemented to our satisfaction.

1. Original invoices were provided for all purchases we examined.
2. The purchase regulation has been updated to address changes in General Municipal Law.

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We believe that the implementation of these recommendations will provide Lyndonville Central School District with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you at your convenience.

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.

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

*Mengel, Metzger, Barz & Co. LLP*

Rochester, New York  
October 7, 2022