

LYNDONVILLE CENTRAL SCHOOL DISTRICT

NEW YORK

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

For Year Ended June 30, 2020

MENGEL METZGER BARR & CO. LLP

RAYMOND F. WAGER, CPA, P.C. DIVISION

MENGEL METZGER BARR & CO. LLP

RAYMOND F. WAGER, CPA, P.C. DIVISION

October 13, 2020

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, 2020, 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

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.

Purchase Orders –

Our examination of disbursements revealed four instances where there was no purchase order when one appeared necessary.

We recommend purchases be supported by a properly approved purchase order in accordance with the District's purchasing policies and procedures.

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(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.

We recommend the Administration review its policies and procedures over the purchasing process and consider updating its regulation to match the current process.

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 Deficiency in Internal Control:

Summer School 4408 Program –

The New York State Education Department provides an EFH-670 summary of 4408/4201 STAC approval and verified cost and state aid payments. This document should be reviewed to ensure the services provided are properly STAC'ed and the District's local share can be easily calculated. As a result, STAC costs were never verified and the District did not receive any 2019-20 summer school 4408 revenue for the 2019-20 fiscal year.

We recommend an individual independent of the STAC submission process review this document on a semi-annual basis.

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.

(Other Items) (Continued)

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.

GASB Statement No. 84 –

During this next fiscal year the District will be required to implement GASB Statement No. 84 which will modify the financial reporting for the Agency Funds.

This will require a review of the various accounts currently reported in the Agency Funds along with the extraclassroom activity policy and procedures in order to determine where to report the District's extraclassroom activity funds, scholarships, and other Agency activity.

Prior Year Recommendation:

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

1. All admission deposits that were reviewed were supported by a reconciliation of tickets sold.

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 13, 2020

Mengel, Metzger, Baw & Co. LLP