

CANANDAIGUA CITY SCHOOL DISTRICT

NEW YORK

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

For Year Ended June 30, 2019

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 1, 2019

To the Board of Education
Canandaigua City 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 Canandaigua City School District, New York as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Canandaigua City 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.

The District's responses to the deficiencies identified in our audit have not been subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Current Year Deficiencies in Internal Control:

Capital Projects –

As indicated in the financial statements, the District has several old capital projects reported on the books. In addition, we noted the 2010 Technology Project is reporting a \$22,777 deficit balance in which the financing has not been identified.

We recommend the District review those projects and allocate the remaining unspent fund balance to the appropriate fund. In addition, the District should determine the financing of the 2010 Technology Capital Project.

District Response –

The Assistant Superintendent for Business is currently working with the District's Financial Advisors to determine why the 2010 Technology Capital Project has a deficit balance on the books. This project has previously been closed with the State Education Department. The District will allocate the unspent fund balance in projects during the 2019-20 school year.

Capital Assets -

The District obtained an updated capital asset and depreciation schedule during the year, however, the schedule prepared by the third party did not include a provision to allocate depreciation by function as required by GASB statement No. 34, and therefore completed using the prior year excel format.

We recommend the District work with the third party vendor to update the capital asset information to include functional codes in order to allocate the depreciation by function.

District Response –

The District Treasurer is currently working with the third party vendor to update the capital asset information to include functional codes.

Other Item:

The following item is not considered to be a deficiency in internal control; however, we consider it an other item 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.

District Response –

The District previously conducted an internal audit on cyber risk security. The Director of Technology will continue to monitor and assess cyber risk, continually update processes and communicate with management on plans and risks as needed.

(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 requirements.

District Response –

The District has created and is continuously updating a Federal Programs procedural manual to detail how the District is complying with the changes in Federal Program procedures.

Prior Year Recommendation:

We are pleased to report the following prior year recommendation has been implemented to our satisfaction:

1. The District is now reviewing the EFH670 report to ensure that services received are properly STAC'ed.
2. The District is monitoring the billings through the accounts receivable module.

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.

Raymond F. Wages, CPA, PC

Rochester, New York
October 1, 2019