

SANDRIDGE SCHOOL DISTRICT 172,
ILLINOIS

MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED
JUNE 30, 2022



January 16, 2023

Members of the Board of Education
Sandridge School District 172
Chicago Heights, Illinois

In planning and performing our audit of the financial statements of the Sandridge School District 172 (the District), Illinois, for the year ended June 30, 2022, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

We do not intend to imply that our audit failed to disclose commendable aspects of your system and structure. For your consideration, we herein submit our comments and suggestions which are designed to assist in effecting improvements in internal controls and procedures. Those less-significant matters, if any, which arose during the course of the audit, were reviewed with management as the audit field work progressed.

The accompanying comments and recommendations are intended solely for the information and use of the Board, Superintendent and senior management of the Sandridge School District 172, Illinois.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel. We would be pleased to discuss our comments and suggestions in further detail with you at your convenience, to perform any additional study of these matters, or to review the procedures necessary to bring about desirable changes.

We commend the finance department for the well prepared audit package and we appreciate the courtesy and assistance given to us by the entire District staff.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

CURRENT RECOMMENDATIONS

1. GASB STATEMENT NO. 96 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Comment

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance regarding the information needs of financial statement users by improving accounting and financial reporting for Subscription-Based Information Technology Arrangements (SBITAs) by governments. It establishes uniform accounting and financial reporting requirements for SBITAs, improves the comparability of financial statements among governments that have entered into SBITAs, and enhances the understandability, reliability, relevance, and consistency of information about SBITAs. GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* is applicable to the District's financial statements for the year ended June 30, 2023.

Recommendation

Lauterbach & Amen, LLP will work directly with the District to review the new SBITA criteria in conjunction with the District's current arrangements to determine the appropriate financial reporting for these activities under GASB Statement No. 96.

Management's Response

Management acknowledges this comment and, if applicable, will work to implement it by June 30, 2023, as required by GASB.

2. STUDENT ACTIVITY ACCOUNTS

Comment

During our current year-end audit procedures, we noted the Student Activity cash is not being monitored and reconciled on a timely basis. The individual Student Activity program accounts should be reconciled in conjunction with cash to the general ledger. Without these reconciliations, by program account, various programs may run the risk of overspending.

Recommendation

We recommend the School District perform a monthly reconciliation in conjunction with the Student Activity cash bank reconciliations to determine the cash owed to each specific activity account.

Management's Response

Management acknowledges this comment and will work to correct it in the coming year.

CURRENT RECOMMENDATIONS - Continued

3. INFORMATION TECHNOLOGY

Comment

During our current year-end audit procedures, we noted a sufficient internal control system should include controls over the District's information technology. These controls would provide the appropriate security for the District's financial information to prevent unauthorized access or data loss.

Recommendation

We recommend that the following controls be put into place: documentation of the testing patches or upgrades to computer software or systems, monitoring of access to financial information, restriction of physical access to District data, computer access password controls, and the District strengthen and test firewall protection by reviewing threat logs on a daily basis.

Management's Response

Management acknowledges this comment and will work to correct it in the coming year.

4. BOARD MEETING MINUTES

Comment

During our current year-end audit procedures, we noted that District's board minutes for meetings in February 2022, March 2022, April 2022, May 2022 and June 2022 were not able to be provided during audit.

Recommendation

We recommend the District keeps record of all approved minutes of Board meeting in a timely manner.

Management's Response

Management acknowledges this comment and will work to correct it in the coming year.

PRIOR RECOMMENDATIONS

1. **GASB STATEMENT NO. 87 LEASES**

Comment

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*, which provides guidance regarding the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. In accordance with GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which was issued as temporary relieve to governments and other stakeholders in light of the COVID-19 pandemic, GASB Statement No. 87, *Leases* is applicable to the District's financial statements for the year ended June 30, 2022.

Recommendation

Lauterbach & Amen, LLP will work directly with the District to review the new lease criteria in conjunction with the Library's current leases to determine the appropriate financial reporting for these activities under GASB Statement No. 87.

Status

This comment has been implemented and will not be repeated in the future.

2. **CAPITAL ASSET USEFUL LIVES POLICY**

Comment

Previously and during our current year-end audit procedures, we noted the District's capital asset policy does not provide guidance on the useful life of an asset. Guidance should be provided on the minimum useful life for an item to be capitalized as a capital asset.

Recommendation

We recommended that the District modify their capital asset policy to address the useful lives to be applied to specific categories of assets

Status

This comment has not been implemented and will be repeated in the future.

Management Response

Management acknowledges this comment and will work to correct it in the coming year.

PRIOR RECOMMENDATIONS - Continued

3. FUNDS OVER BUDGET

Comment

Previously and during our current year-end audit procedures, we noted that the following fund had an excess of actual expenditures over budget for the fiscal year:

Fund	6/30/2021	6/30/2022
Debt Service	\$ 151,585	1,043

Recommendation

We recommended the District investigate the causes of the fund over budget and adopt appropriate future funding measures.

Status

This comment has been not implemented and will be repeated in the future.

Management Response

Management acknowledges this comment and will work to correct it in the coming year.