



# MIDLAKES BUSINESS OFFICE

**PHELPS-CLIFTON SPRINGS CENTRAL SCHOOL DISTRICT**

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**To:** Matthew Sickles, Superintendent  
**From:** Keith Henry, Interim Business Administrator  
**Subject:** External Audit Findings and Corrective Action Plan

During the examination of the of the district's internal controls for fiscal year ending June 30, 2021, the external auditor noted the following deficiency. The corrective action necessary to address the deficiency is listed under the district response section. Overall the audit results were very positive, and the financial condition of the District remains good overall. There are three items not considered to be internal control deficiencies but are communicated as "other" items.

**Finding:**

**School Lunch Fund:**

During the course of our examination, we noted the fund balance in the School Lunch Funds at June 30, 2021 totaled \$343,059. This balance appears to be in excess of the three months average expenditures level recommended by Federal Regulation #7CFR Part 210.09

**Recommendation:**

We recommend the District continue to develop the corrective action necessary for compliance with the Federal Regulation.

**Response:**

There are a number of equipment items needing replacement in the school lunch program which will reduce this fund balance by June 30, 2022.

**Other Items:**

**Federal Programs**

As a result of recent federal program changes, the District documents various Federal program procedures through written questionnaires prepared by Program Coordinators and the Business Office. Recent guidance from 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.

**Response:**

The District will develop a written procedural manual by June 30, 2022.

**Cyber Risk Management:**

The AICPA Center for Audit Quality recently issued a new 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.

**Response:**

The district will continue to document the cyber risk assessment process in writing including the areas noted above.

**GASB Statement No. 87 Leases:**

The Governmental Accounting Standards Board (GASB) issued GASB Statement No.87 which will be effective during the 2021-22 fiscal year. As a result, the District will be required to gather certain information relating to those items considered to be leases in order to prepare the lease payable and right to use asset calculations.

**Response:**

The District will identify and record any lease obligations as per GASB Statement No. 87 by June 30, 2022.