

LETCORTH CENTRAL 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 11, 2019

To the Board of Education
Letchworth 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 Letchworth Central 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 Letchworth 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.

Current Year Deficiency in Internal Control:

Bank Reconciliation –

1. During the year, the District implemented a new investment program (ICS) to maximize the investment of idle funds. This investment program requires the transfer of funds between District bank accounts to ensure funds are invested. As these funds are moved between bank accounts, entries are needed to reflect the interbank transfers. During our examination, we noted that the accounting entries were not always posted by the Treasurer on a timely basis, and consequently were not identified correctly on the bank reconciliation process and monthly Treasurer's report. In addition, we noted instances where accounting entries to record electronic transfers received from various state and federal programs were not recorded timely and consequently were not identified correctly on the bank reconciliation. These items were subsequently corrected as part of the year end closing process.

(Current Year Deficiency in Internal Control) (Bank Reconciliation) (Continued)

2. The claims auditor performs a monthly review of the completed bank reconciliations; however, this process did not report the items discussed above.

We recommend the District record accounting entries at the time funds are transferred, received and deposited into the District's bank accounts. In addition, the claims auditor should be provided with additional training regarding the items noted above.

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.

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 Recommendation:

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

1. The School Lunch fund balance no longer exceeds three months average expenditures.

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 11, 2019

