

***WHEATLAND-CHILI 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

September 17, 2020

To the Board of Education  
Wheatland-Chili 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 Wheatland-Chili 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 Wheatland-Chili 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:**

**School Lunch Fund** –

During the year, the School Lunch fund had an operating gain of \$2,614. This resulted in a deficit unassigned fund balance of \$19,415 at June 30, 2020.

We recommend the Administration continue to monitor the School Lunch operations to improve the overall financial stability of the program.

**(Prior Year Deficiencies Pending Corrective Action) (Continued)**

**Continuing Education Receipts –**

Our examination of the cash collection procedures for continuing education revealed that, while we were able to find receipts for all amounts collected in our sample, three out of five deposits examined were deposited untimely, with receipts being held up to two months prior to being deposited.

In an effort to safeguard cash receipts, we recommend that every effort continue to be made to deposit receipts on a timely basis. In addition, the District should review their accounting software to determine if the cash receipts module could be utilized by the Continuing Education Program to enhance program controls.

**Current Year Deficiencies in Internal Control:**

**Payroll –**

Due to a change in payroll personnel this year, payroll change reports did not appear to be reviewed. In addition, we noted that while the Business Official is reviewing all payrolls before they are processed, the payroll registers do not appear to be officially certified.

We recommend that payroll change reports be reviewed periodically, and that all payrolls be formally certified prior to being processed.

**Unassigned Fund Balance –**

Due to uncertainties related to COVID and state aid for the upcoming fiscal year, the District has elected to retain fund balance above the 4% of next year's budget permitted by the State.

**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 requirements.

We recommend the Business Office work with the Program Coordinators to enhance their correct procedures into a procedure manual that is consistent with the federal compliance requirements for their respective program.

**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 Recommendations:**

The recommendations from the prior year have been noted above.

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  
September 17, 2020

*Mengel, Metzger, Barw & Co. LLP*