

DANSVILLE CENTRAL SCHOOL DISTRICT

NEW YORK

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

For Year Ended June 30, 2022



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants



September 20, 2022

To the Board of Education
Dansville Central School District, New York

In planning and performing our audit of the financial statements of Dansville Central School District as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered Dansville Central School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Dansville Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Dansville Central School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated September 20, 2022 on the financial statements of the District. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized as follows:

The District's written 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.

**To the Board of Education
Dansville Central School District, New York**

Prior Year Deficiencies Pending Corrective Action:

Bidding/Quoting –

During the course of our examination, we reviewed four transactions involving purchases of items from Amazon which amounted to more than \$1,000 in the aggregate for which purchase orders were not used and it did not appear that other quotes were obtained.

We recommend a continued effort be made to comply with Sections 103 and 104(b) of the General Municipal Law as well as following the District's procurement policy.

District Response –

A memorandum was sent to all budget managers and administrators in the District on Monday, March 14, 2022 informing them that Amazon and other non-state contracted vendors should be used sparingly and in emergency situations only. This group was also advised that we must always attempt to use NYS contracted vendors whenever possible.

The Accounts Payable Clerk and Purchasing Officer will continue to scrutinize all orders from non-state contracted vendors, including Amazon, to ensure that we are following General Municipal Law and the District's procurement policy.

School Lunch Fund –

Our examination revealed that the fund balance in the School lunch Fund at June 30, 2022 totaled \$520,958. This balance appears to be in excess of the three-month average expenditures level recommended by Federal Regulation#7CFR Part 210.09 by the amount of \$220,792.

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

District Response –

The District has used the fund balance to purchase new equipment for the Child Nutrition department including utility carts (\$1,886.29), serving trays (\$4,464.38), storage racks (\$2,112.89), seating (\$160,500), and an oven (\$11,850). A purchase order was created for the seating and the oven during the 2021-22 school year, but that purchase order was carried over to the 2022-23 school year because the District did not receive a final invoice for these items during the 2021-22 school year. The District will continue to monitor the Cafeteria Fund balance on a quarterly basis especially with the Federal government ending funding for all students to eat free. Estimated completion date 6/30/2023.

**To the Board of Education
Dansville Central School District, New York**

(Prior Year Deficiencies Pending Corrective Action) (Continued)

Payroll Processing –

During our testing of payroll, we noted seven instances of salary notices that were not signed by employees.

We recommend every effort be made to have employees sign salary notices and return them in a timely manner.

District Response –

The District sent the original salary notices to all employees on October 13, 2021 and gave employees three weeks to return it. Employees who did not return their salary notice by the original deadline, were sent a follow up request on December, 2021 for the employee to sign and return it to the payroll clerk. Employees who did not respond were sent a third request on March, 2022. A fourth request was sent on April, 2022. Moving forward the District will give the salary notice to the employee's direct supervisor after the second request to acquire employee signatures. Expected completion date 6/30/2023.

Current Year Deficiencies in Internal Control:

Access Controls –

During our examination of user access rights for the general ledger system we noted that there is no periodic review of access rights.

We recommend, on at least an annual basis, that user access rights are reviewed to determine if an employee's levels of access are reasonable based upon their job descriptions.

District Response –

The District reviewed user access rights for the general ledger system in May of 2022. The District will review general ledger system access in January of each year moving forward. Estimated completion date 2/1/2023.

Fuel Billings –

During our review of procedures over fuel pump management we noted that billings to other municipalities for fuel use are not reviewed by a separate individual.

We recommend that billings be reviewed by a separate individual to verify clerical accuracy and agreement with contractual terms.

District Response –

The Transportation Department notifies the Business Office of the price of fuel when it is delivered. The Business Manager then updates the pricing in the Phoenix system and the Accounts Payable Clerk verifies the price as compared to the bill from the fuel vendor. Once all verifications are complete, the Business Manager bills the municipalities who utilize the District's fuel system. This practice was implemented during the summer of 2022.

**To the Board of Education
Dansville Central School District, New York**

(Current Year Deficiencies in Internal Control) (Continued)

Payroll –

During our examination of the District's payroll procedures, we noted the following:

1. There was one instance in which a stipend was paid, however, it was not clearly documented in the contract.
2. There was one instance in which a stipend was inadvertently paid out.
3. There were inconsistencies with the health insurance buyout for several employees.

We recommend the District review and enhance the procedures over the payroll process to ensure changes made to individual payroll for stipends are reviewed for accuracy.

District Response –

1. The instance in which an employee was paid received the standard \$30/hour rate for work conducted outside of the employee's contractual day. The District will seek to clarify contract language to include a broader scope of work that qualifies for the additional pay.
2. The stipend that was inadvertently paid out occurred when the employee had changed positions within the District. The employee's Master's degree earnings were not transferred from the employee's previous assignment to the employee's new assignment in nVision. This led to the employee being overpaid in the amount of \$34.62 during the 2021-22 school year. This was a clerical error and the amount was deducted from the employee's 2022-23 earnings on 7/29/22.
3. There were three employees who switched from waiving health insurance coverage to needing health insurance coverage. These employees received health insurance buyout payments in December, 2021. When the employees added health insurance coverage in the spring of 2022, the District did not pay the employee the prorated health insurance buyout that was due to the employees in June, 2022. Moving forward, the Health Insurance Clerk will notify the Payroll Clerk when an employee adds health insurance so that the employee can be paid the health insurance buyout.

Prior Year Recommendations:

The following prior year recommendations have been implemented to our satisfaction:

1. The Board approved the Superintendent to authorize change orders.
2. The District has the first draft of the Federal procedures manual.

**To the Board of Education
Dansville Central School District, New York**

(Prior Year Recommendations) (Continued)

3. The District participates in the cyber risk review annually with Edutech.

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We believe that the implementation of these recommendations will provide Dansville Central School District with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you at your convenience.

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.

We wish to express our appreciation to the business office staff for all the courtesies extended to us during the course of our examination.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
September 20, 2022