

SPENCERPORT 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

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RAYMOND F. WAGER, CPA, P.C. DIVISION

October 1, 2019

To the Board of Education
Spencerport 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 Spencerport 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 Spencerport 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 Operations –

The Board approved a transfer totaling \$150,000 from the general fund to the school lunch fund to offset operating deficits, however, had this transaction not occurred, the school lunch fund would have had an operating loss.

We recommend the District continue to monitor the School Lunch program and develop cost containment and revenue enhancement measures to assist in maintaining the financial integrity of the program.

(Prior Year Deficiencies Pending Corrective Action) (Continued)

Accounts Receivable –

During our examination of the accounts receivable aging report we noted various accounts which have been outstanding for more than six months.

We recommend the District determine the status of these receivables and send a follow up invoice to those customers. If it is determined that any amounts should be written off than a summary should be approved by an independent individual.

Agency Fund Account Balances –

During our examination of the various payroll and benefit holding accounts in the Agency Funds we noted several accounts in which a reconciliation was not completed as part of the year end closing process.

We recommend the District complete a reconciliation of these agency accounts on a quarterly basis and any excess funds be transferred back to the general fund.

Current Year Deficiency in Internal Control:

Bidding and Quoting –

The District's procurement policy requires three written quotes for purchases over \$5,001 that are not required to be competitively bid. During our examination, we noted two instances in which the District did not obtain the required written.

We recommend every effort be made to obtain written quotes as required by the District's procurement policy.

Other Items:

The following items are not considered to be a deficiency 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 current procedures into a procedure manual that is consistent with the federal compliance requirements for their respective programs.

Prior Year Recommendations:

We are pleased to report the following prior year recommendations have been implemented to our satisfaction:

1. The District did not make any payments out of the student activity funds for invoices more than one year old.
2. The District will review their contracts relating to meals for cafeteria workers.

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 1, 2019

