

SKANEATELES CENTRAL SCHOOL DISTRICT

NEW YORK

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

For Year Ended June 30, 2018

Raymond F. Wager, CPA, P.C.
Certified Public Accountants

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Certified Public Accountants

September 7, 2018

To the Board of Education
Skaneateles 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 Skaneateles Central School District, New York as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Skaneateles 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 –

We commend the District for eliminating their operating loss. However, this included a \$98,081 transfer from the General Fund. Without this subsidy, the program would have had an operating loss totaling \$86,197. As a result, the fund had a deficit totaling \$16,625.

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

(Prior Year Deficiencies Pending Corrective Action) (Continued_)

Policies and Procedures –

Our examination revealed the following:

1. The District's investment policy or reorganizational meeting minutes do not identify the maximum deposits which can be maintained at authorized banks.
2. The District should consider updating their procurement policy to address specific number of quotes that should be obtained prior to making purchases under \$20,000. In addition, we noted the District is using a “Quick Pay” feature instead of issuing purchase orders, which is inconsistent with District policy.

We recommend the District continue to enhance and update their policies in accordance with recent changes in General Municipal Law. In addition, if the policies are updated all administrative regulations relating to written or verbal quotes should be revised. The District should also consider enhancing the investment policy or reorganizational meeting minutes to include the maximum amount which can be maintained at authorized financial institutions.

Current Year Deficiencies in Internal Control:

Segregation of Duties –

Our examination over catering procedures handled in the school lunch program revealed that the same individual is responsible for billing and collections for catering services.

We recommend the District review procedures over school lunch catering to ensure invoices and payments are submitted to the business office for processing.

Payroll –

As part of our payroll examination we noted the following relating to various payroll items:

1. We noted five instances where federal and state withholding forms were unavailable for our review.
2. We noted ten instances where the ERS Verification Letter was unavailable for our review.

We recommend the District review the above items and implement the appropriate corrective action.

Other Item:

The following item is not considered to be a deficiency in internal control; however, we consider it an other item 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.

Prior Year Recommendations:

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

1. The District has updated their procurement policy to increase their bidding thresholds to align with General Municipal Law.
2. All items in our bidding examination were properly bid.
3. The voters approved the capital project and allocated the pre-referendum cost to the project.
4. The District has properly STAC’ed tuitions through the date of the EFH-670 report.

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 7, 2018