

**BALDWINVILLE 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

October 6, 2018

To the Board of Education
Baldwinsville 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 Baldwinsville 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 Baldwinsville 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:

Confirming Orders –

We noted five instances where a selected purchase order appeared to have been created after the vendor invoice had been received.

We recommend the District review these items and insure that confirming orders should only be used for those purchases considered emergency in nature.

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

(Prior Year Deficiencies Pending Corrective Action) (Continued)

Claims Auditor –

It is our understanding that the construction manager hired by the District manages all change orders and ensures they have the proper approvals. However, for an additional control feature, we recommend the claims auditor periodically review change orders to ensure the process is working.

Current Year Deficiencies in Internal Control:

Bank Reconciliations –

Bank reconciliations are not routinely reviewed by an individual independent of the bank reconciliation process.

Appropriated Reserves –

The District appropriated the Workers Compensation and Retirement Contribution reserves as part of the 2017-18 Budget. However, the District did not utilize those reserves during the year as indicated in the Budget.

The New York State Education Department recommends that appropriated reserves be transferred into the General Fund to support the budget.

Library –

During our examination, we noted that the purchasing policy for the Library does not address quoting thresholds.

In an effort to conform with General Municipal Law, we recommend the Administration review this policy and create a regulation that establishes a range for quotations.

Other Items:

The following items are 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.

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

(Other Items) (Continued)

Capital Projects Fund

At yearend there are several old projects from 2013, 2014, and 2015 which are still open with small balances on the books. These projects should be reviewed and closed out if no additional expenditures are anticipated.

Prior Year Recommendations:

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

1. The individual responsible for billing private school tuition is independent of collection.
2. All employees examined had a withholding form to support the amount being withheld.
3. Payroll registers were certified during the 2017-18 year.
4. The payroll clerk no longer has access to adjust employee pay rates.
5. All employees who no longer employed by the District had their user access rights terminated in the accounting system.
6. The school lunch fund did not incur an operating loss during 2017-18.
7. Since the Treasurer is also the System Administrator for the accounting software, a change in procedure has been implemented to have an individual independent of the accounting duties to approve all changes to access rights before they are initiated.

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.

Raymond F. Wager, CPA, PC

Rochester, New York
October 6, 2018