

JORDAN-ELBRIDGE 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

MENGEL METZGER BARR & CO. LLP

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

September 2, 2020

To the Board of Education
Jordan-Elbridge 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 Jordan-Elbridge 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 Jordan-Elbridge 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 Deficiency Pending Corrective Action:

Fund Balance

As of June 30, 2020, the District's unassigned fund balance exceeded the four percent (4%) maximum allowed by Section 1318 of the Real Property Tax Law by \$385,428.

We recommend the District monitor fund balance as it relates to Section 1318 of the Real Property Tax Law.

Current Year Deficiencies in Internal Control:

Coaching Stipend

During our payroll examination, it appeared a coach was overpaid based on the Board approved stipend.

We recommend this situation be reviewed and the appropriate corrective action be implemented.

Salary Notices

Our payroll examination revealed twenty instances where salary notices were not signed.

We recommend the District implement the appropriate corrective action in the upcoming fiscal year.

Vendor Change Reports

During the course of our examination, we noted the District does not currently have a procedure in place where someone independent of the accounts payable department reviews vendor change reports.

We recommend this situation be reviewed and the appropriate corrective action be implemented for an independent review of vendor change reports.

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 follow:

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.

Self Assessment

Auditing standards require management to maintain an understanding of their internal controls. Management is required to complete and document a written self-assessment of their internal control.

To aid in the documentation of management's understanding of their internal controls, we recommend the District document in writing the process and procedures performed on a daily basis for the various business office functions (payroll, cash receipts, cash disbursements, bank reconciliations, and monthly closing).

(Other Items) (Continued)

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:

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

1. The District approved a memorandum of understanding during the year under examination to clarify the contract language for retirement payouts.
2. The District updated the investment policy to reflect the recommendations in the office of the State Comptroller bulletin regarding the deposit replacement program.

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.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
September 2, 2020