

***DALTON - NUNDA 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

RAYMOND F. WAGER, CPA, P.C.  
Certified Public Accountants

October 5, 2018

To the Board of Education  
Dalton-Nunda 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 Dalton-Nunda 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 Dalton-Nunda 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 has not been identified.

**Prior Year Deficiencies Pending Corrective Action:**

**Segregation of Duties –**

During the course of our examination, we noted the District Treasurer collects, deposits and records cash receipts on the general ledger. In addition, we noted that the District's job duties for the Business Office have not been reviewed and updated in several years.

We recommend the District continue to establish migrating controls within the Business Office. In addition, procedures for job duties within the Business Office should be reviewed and updated annually.

**(Prior Year Deficiencies Pending Corrective Action) (Continued)**

**Summer School 4408 Program** –

The New York State Education Department now provides the EFH670 summary of 4408/4201 STAC approval and verified cost and state aid payments, two times a year, to be used to ensure the services provided are properly STAC'ed and the District's receivable estimate is reasonable.

We recommend the Special Education Director review and reconcile this document to ensure the services received are properly STAC'ed in order to maximize state aid and to monitor receivables currently on the books.

**Current Year Deficiencies in Internal Control:**

**Claims Auditor** –

Our examination revealed that the Claims Auditor does not prepare any written reports regarding audit exceptions.

We recommend the District review this item and implement the appropriate corrective action during this next fiscal year.

**Journal Entries** –

The District has a process in place to review journal entries before they are posted to the system. However, we noted a few instances where a secondary review was not documented indicating completion.

We recommend the District continue their efforts to perform the secondary review.

**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 follows:

**Investment Policy** –

As part of our audit, we examine the District's cash balances in accordance with the investment policy. We noted that for the test month of January and at year end, the District exceeded the maximum allowable cash balance according to the Administrative regulations currently in place.

We recommend every effort continue to be made to comply with the maximum amount that can be maintained on deposit as indicated in the District's investment policy.

**(Other Items) (Continued)**

**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 Recommendation:**

We are pleased to report the following prior year recommendation has been implemented to our satisfaction:

1. The District has implemented a new process whereby required written and verbal quotes are documented on the purchase order request form.

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 5, 2018