

***CORTLAND ENLARGED CITY SCHOOL DISTRICT***

***NEW YORK***

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

***For Year Ended June 30, 2021***



**MENGEL METZGER BARR & CO. LLP**

Certified Public Accountants

October 14, 2021

To the Board of Education  
Cortland Enlarged City 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 Cortland Enlarged City School District, New York as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered Cortland Enlarged City School District, New York's (the District) 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated October 14, 2021 on the financial statements of the District. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized as follows:

**Prior Year Deficiencies Pending Corrective Action:**

**Documentation of Procedures –**

Auditing standards have always required management to maintain an understanding of their internal controls. Changes to those standards now require management to document their understanding through an annual assessment. In addition, to aid in this annual assessment, the District should document in writing the daily routine for the various business office cycles (procurement, cash receipts, payroll, personnel, and monthly closing process). The District is currently in the process of documenting processes and procedures in a business office procedure binder. This document is a continued work in progress, and will be continually updated and revised as processes and procedures evolve.

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

**School Lunch Fund** –

During the course of our examination we noted that the fund balance in the School Lunch Fund at June 30, 2021 was in excess of the three months average expenditures level recommended by Federal Regulation #7CFR Part 210.15.

**Current Year Deficiencies of Internal Control:**

**User Access Rights** –

We noted three individuals who still have access rights within the computerized accounting system, however, they are no longer employed by the District.

We recommend the District implement a procedure to ensure that access to the accounting system is removed when individuals leave the employment of the District. In addition, all access rights should be periodically reviewed to determine if changes are necessary.

**Financial Accounting and Reporting** –

The books and records required significant adjustments to bring opening balances into agreement with the prior year audit report.

We recommend the District implement a process to ensure the books and records are in agreement with the audited financial statements prior to rolling balances in the system.

**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:

**GASB Statement No. 87 Leases** –

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87 which will be effective during the 2021-22 fiscal year. As a result the District will be required to gather certain information relating to those items considered to be leases in order to prepare the lease payable and right to use asset calculations.

**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 requirement.

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 program.

**Prior Year Recommendation:**

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

1. The District reduced reliance on appropriated fund balance and reserves to balance the 2021 budget. Additionally, the District had an operating surplus in the General Fund during the 2020-21 fiscal year. While we are pleased to report that the District did not have an operating deficit this year, we urge the District to continue to monitor this area and develop long-term financial projections utilizing the most up to date information.

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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.

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 14, 2021

*Mengel, Metzger, Barw & Co. LLP*