



Manchester-Shortsville Central School District

"Red Jacket Schools"

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September 6, 2017

To the Board of Education
Manchester-Shortsville 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 Manchester-Shortsville Central School District, New York as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Manchester-Shortsville 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:

Liability Reserve –

The liability reserve ended the year with a balance totaling \$529,649.

We recommend the District continue to review this reserve fund to determine whether the District is in compliance with Section 1709 [8-c] of the Education Law. If necessary, the Board should consider transferring any excess funds to other reserves.

Corrective Action: The District will analyze the amount of funds needed to adequately but not overfund this reserve and will decide the best course of action for funds that are deemed as excessive.

Mission

We will challenge all learners and work in partnership with students, parents and community to achieve high standards.

(Prior Year Deficiencies Pending Corrective Action) (Continued)

Claims Auditor –

To ensure the claims auditor is fulfilling the expectations of the Board, the current process and procedures performed by the claims auditor should be documented in writing, reviewed and enhanced by the audit committee and approved by the Board of Education. In addition, a report summarizing the claims auditor's findings should be communicated to the Board on an annual basis.

Corrective Action: The District will continue to work with the board on procedures for the claims auditor.

Banking Procedures –

The District has a policy in place which discusses internal control over online banking as well as the documentation requirements for call backs and wire transfers.

In order to enhance the controls over wire transfers we recommend the District consider utilization of a dedicated computer terminal which would be used exclusively for wire transfers.

Corrective Action: The District acknowledges the risk involved and will continue to review procedures.

Current Year Deficiencies in Internal Control:

4408 Summer School Program-

The New York State Education department created a new document EFH 670 report identifying students that have been reported on the STAC system which students have been verified and what has been paid and outstanding.

We recommend the individual responsible for the STAC claiming procedures review and reconcile this document on an annual basis and verify cost to ensure timely payment of aid.

Corrective Action: The District has reviewed the new EFH 670 report and will continue to review and reconcile this document on an annual basis.

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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:

Computer Controls –

During our review of computer controls and access rights we noted that the Payroll Clerk no longer has full access to add and delete employees, however, she continues to have access to change pay rates. Payroll “edit” reports are reviewed regularly which provide a good mitigating control, however, they are not printed and signed off indicating completion of the review.

Corrective Action: The district will continue to monitor the processes for the Payroll Clerk and will continue to monitor and provide good mitigating controls.

Prior Year Recommendations:

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

1. Payroll stipends selected for testing were supported with Board acknowledgement in the employee’s files.

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.

August 28, 2017

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