

Lyndonville Central School District  
Correction Action Plan  
In response to the annual audit performed by Mengel Metzger Barr & Co.  
for the ended June 30, 2023

Prior Year deficiencies in pending corrective action:

*Banking Procedures-*

Finding: Our examination revealed that the district does not have a dedicated computer terminal to be used exclusively for online banking transactions.

Recommendation: In order to enhance the controls over wire transfers and online banking, we recommend the district should consider the utilization of a dedicated computer terminal to be used exclusively for online banking transactions.

Person responsible for corrective action: business administrator

Corrective action: The computer used to initiate a wire transfer is not a dedicated computer to make wire transfers. However, compensating controls are in place. The treasurer sign-on is to a computer, the treasurer must also sign onto the bank to initiate a wire transfer. The bank sign-on requires an established user identification and a real time FOB password verification. To complete the wire transfer, the business administrator must also sign-on to a computer, sign-on to the bank with an established user identification and a real time FOB password verification. The business administrator must independently approve a wire transfer initiated by the treasurer before a wire transfer is completed.

The technology department is working obtain a dedicated computer for banking transactions

Anticipated completion date: March 31, 2024

*Purchasing-*

Finding: During our examination of disbursements, we noted two instances in which a purchase order was not utilized when it appeared to be necessary. In addition, we noted six instances in which invoices were not paid in a timely manner.

Recommendation: We recommend the Administration review its policies and procedures over the purchasing process and that every effort be made to utilize purchase orders for those purchases not considered to be emergency in nature. In addition, every effort should be made to process claims for payment on a timely basis.

Person responsible for corrective action: business administrator

Corrective action: The purchasing policies and regulations will be reviewed. When necessary, recommendations to improve the policies and regulations will be made. Training will also be scheduled. Procedures will be reviewed; and when necessary, changes will be made to meet the policy and regulation requirement.

Anticipated completion date: June 30, 2024.

### Self-Assessment-

Finding: The district has documented written procedures over its financial cycle, however, the district is not required to have an internal audit and has not performed an assessment of procedures for several years.

Recommendation: We recommend management should review its procedures and update them for any changes or current risks. In addition, management should consider developing written procedures for other significant areas such as budgeting, purchasing, human resources, retiree health billing, STAC and Medicaid.

Person responsible for corrective action: business administrator

Corrective action: Areas mentioned will be reviewed for changes or current risks. Written procedures will be initiated.

Anticipated completion date: June 30, 2024.

### School Lunch

Finding: Our examination revealed that the fund balance in the School Lunch Fund at June 30, 2023 totaled \$172,831. This balance appears to be in excess of the three months average expenditures level recommended by Federal Regulation #7CFR Part 210.14.

Recommendation: We recommend the district continue to monitor budget procedures and review long-term reserve and fund balance projections.

Person responsible for corrective action: business administrator

Corrective action: A plan was submitted to State Education Department to address the excess fund balance. This plan was approved. The plan includes the replacement of a steamer and a warming cabinet

Anticipated completion date: June 30, 2024.

### Appropriated Fund Balance and Reserves

Finding: The district appropriated \$1,055,243 in reserves and fund balance which is approximately 6.22% of the 2023-24 budget. Budgeting the use of reserves and fund balance at this level requires generating surpluses equal to that amount in order to avoid the erosion of fund balance.

Recommendation: We recommend the district continue to monitor the budget procedures and review long-term reserve and fund balance projections.

Person responsible for corrective action: business administrator

Corrective action: Through the coordinated effort of the superintendent of schools, reports and filings were reviewed. This effort resulted in increased state aid to the district. The increased state aid allows the district to not be reliant of operating of reserves and fund balance. Budgets will also be forecast for future years to plan use of reserves and fund balance

Anticipated completion date: March 31, 2024.

### Current year deficiencies in internal control:

#### Documentation of Payment-

Finding: Our review of disbursements revealed one instance where there was no receiving signature or approval to pay on an invoice or purchase order prior to the invoice being paid.

Recommendation: We recommend there be an indication on each invoice indicating approval to pay by an appropriate official, prior to payment being made.

Person responsible for corrective action: business administrator

Corrective action: Receiving verification will be documented.

Anticipated completion date: February 29, 2024.

## Other Items:

### Cyber Risk Management-

Finding: 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 procedures.

Recommendation: The district should 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 appropriated level of management, and how the process will be monitored.

Person responsible for corrective action: business administrator

Corrective action: The district will continue to work with Erie 1 Boces WNYRIC technology services for documentation, and risk assessment.

Anticipated completion date: June 30, 2024.

### Federal Programs-

Finding: 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.

Recommendation: Recent guidance from the New York State Education Department suggests Federal recipients should enhance their written documentation into a procedural manual that is more detailed and specific to each federal program compliance requirement.

Person responsible for corrective action: business administrator

Corrective action: The district will continue the process of reviewing and documenting procedures.

Anticipated Completion date: June 30, 2024.