

DERUYTER CENTRAL SCHOOL DISTRICT

NEW YORK

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

For Year Ended June 30, 2023



BUSINESS
ADVISORS
AND CPAS



BUSINESS
ADVISORS
AND CPAS

October 12, 2023

To the Board of Education
DeRuyter Central School District, New York

In planning and performing our audit of the financial statements of DeRuyter Central School District as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered DeRuyter Central School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the DeRuyter Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of DeRuyter Central School 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 12, 2023 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 Deficiency Pending Corrective Action:

Duties of the District Treasurer –

Due to the numerous accounting duties being performed by the District Treasurer, maximum accounting controls are not possible. The District has implemented some mitigating controls over the duties of the Treasurer, including periodic review of payroll change reports, and an independent cash receipts log. However, we recommend the District continue to strengthen these controls, and develop a written plan for the monthly review process.

Current Year Deficiencies in Internal Control:

Pay Rates –

We noted one instance where an employee had a salary increase and there was no Board approval or new salary notice signed and approved by the employee and District. Additionally, we noted that pay rates for some additional duties are not being reviewed and approved by the Board.

We recommend the District have the Board approve rates as well as any increases in salaries supported by a new salary notice signed by the employee.

(Current Year Deficiencies in Internal Control) (Continued)

Budget Transfers –

The Board of Education has the authority to transfer funds between noncontingent account codes, and from noncontingent account codes to contingent codes, but not from contingent account codes to noncontingent account codes. During the current fiscal year, the District increased noncontingent budget codes for purchases not considered ordinary contingent expenses.

We recommend the District review this item and not transfer funds into noncontingent codes in the future.

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:

Cyber Risk Management –

The District's IT personnel routinely assesses cyber risk as part of their normal operating procedures. The District should 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. Bidding and quoting policies and procedures were properly followed for all applicable purchases that we examined.

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We believe that the implementation of these recommendations will provide DeRuyter Central School District with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you at your convenience.

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 12, 2023

Mengel, Metzger, Barw & Co. LLP