



Holley Central School District

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October 9, 2019

On October 9, 2019, the District received its management letter from the audit ending June 30, 2019. Within this letter, there are suggested corrective actions that the District may consider. Listed below are the open recommendations and the District's response.

Policies and Procedures-

1. **Disbursements-**The examination of disbursements revealed five instances where there was no purchase order to support a purchase made. In addition, we noted eight instances where a receiving or approving signature was not included on an invoice approving it for payment.

In an effort to improve internal accounting controls, we recommend that purchase orders be issued whenever possible prior to a purchase being made. In addition, all invoices should have an indication it is okay to pay from an appropriate individual prior to being processed.

District Response-The District strives to have proper process with purchasing, however, there are times when emergency purchases are necessary and we will ensure a sign off is on those invoices. Additionally, we have noticed the approvals have been put on the remittance stub and went out with the check. We will correct this.

2. **Documentation of Internal controls-**Auditing standards now require that management document in writing their understanding of the internal accounting controls that are in place in the business office.

In an effort to accomplish this task, we recommend the Administration continue the process to document the procedures performed for the various business office functions (Payroll, cash receipts, cash disbursements, bank reconciliations and monthly closing).

District Response-The procedure manual is a work in progress. Several items are on paper and not put in a binder. We will continue to work on this during the 2019-20 school year.

Other Items: The following items are not considered to be deficiencies in internal control; however, MMB considers them other items which they would like communicate

1. **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 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.

District Response-The District will work on documenting processes for cyber risk through the assistance of our Monroe 1 BOCES Technical Service.

2. **Federal Programs**-As a result of the 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 NYSED suggests Federal recipients should enhance their written documentation into a written procedural manual that is more detailed and specific to each federal program compliance requirements.

District Response-The District will work on a procedure manual specifically relating to Federal Programs.

If there are any other questions, please feel free to contact me.

Sincerely,



Sharon Zacher
Assistant Superintendent for Business
Holley Central School District