

November 1, 2021

To the Board of Education
Southampton Union Free School District
Southampton, New York

Dear Members of the Board:

In planning and performing our audit of the financial statements of the Southampton Union Free School District(District) 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 the District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion 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.

During our audit we became aware of other matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions concerning those matters. This letter does not affect our report dated November 1, 2021, on the financial statements of the Southampton Union Free School District.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to advise you about implementing the recommendations.

This communication is intended solely for the information and use of the Board of Education, Audit Committee, management, others you deem appropriate within the District, and any governmental authorities you need to share this information with. It is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Cullen & Danowski, LLP
Cullen & Danowski, LLP

STATUS OF PRIOR YEAR COMMENTS

Compensated Absence Payouts

Based on contractual agreements upon retirement, employee may be eligible for a compensated absences payout, which primarily consists of unused sick and vacation days payable at the time of separation from the District.

During our prior year audit, we had noted discrepancies in two compensated absences payouts made to eligible employees who had retired at year-end. While the errors were immaterial in amount, the discrepancies causing the errors included the use of incorrect accumulated time in one instance, and a payout calculated that was not in accordance with contractual terms (but done based upon past practice) in another instance.

Current Status: Corrected. During our current year audit, our testing yielded no findings. The District has implemented procedures to ensure that a thorough review of each compensated absences payout made, both throughout the year and at year-end, has been accurately calculated in accordance with Board of Education approved contracts. We consider this comment closed.

Smart Schools Bond Act Reimbursement

The Smart Schools Bond Act authorized the New York State Education Department to issue general obligation bonds to finance improved educational technology and infrastructure to improve learning and opportunity for students throughout the State. The Act required the District to submit a plan for approval to the Smart Schools Review Board. Once approved, the District has the authority to expend, using local funds, for the improvement project. All expenditures incurred for the project can then be submitted for reimbursement.

During our prior year audit, we noted that the District had expended approximately \$118,700 of the Smart Schools Bond Act allowable allocation and that the work performed on the project was substantially completed during the 2017-2018 school year. However, the District had not requested reimbursement from New York State for the funds that were spent.

Current Status: Corrected. During our current year audit, we noted that the individual responsible for the oversight of this project has submitted the required information to New York State so the District can be reimbursed for costs incurred related to the Smart Schools Bond Act. We consider this comment closed.

Disaster Recovery Plan Testing

The District should have controls that include the safeguarding of the financial accounting software and data to ensure the preservation of the records and the ability to process transaction without significant interruption.

During our prior year audit, we had noted that the District had developed a contingency plan for alternative processing of transactions in the event of loss or interruption to their network, per Board Policy #1120.01. However, upon further inquiry, we had noted that this plan had not been tested.

Current Status: Unchanged. Based on our current year review of the information technology questionnaire completed by the District, we noted that no testing was performed on the disaster recovery plan outlined in Board Policy #1120.01.

Southampton Union Free School District

For the Year Ended June 30, 2021

We continue to recommend that the District perform periodic testing of its disaster recovery plan outlined in the above referenced policy to ensure that in the event of a significant interruption, the District's data can be properly restored and be fully operational.

CURRENT YEAR COMMENT

Computer Permissions

The District uses the nVision financial accounting software application to maintain their accounting records. The software allows the District to establish permissions for each system user based on the individual's job responsibilities. This permits the District to strengthen internal controls by segregating duties electronically.

During our current year audit, we noted that some employees have been assigned to roles in nVision that they would not need to carry out their job responsibilities. Additionally, we noted that some roles developed in nVision provide access to employees in areas that are not necessary for them to carry out their job responsibilities.

We recommend that the District review and update user roles in nVision to ensure that employees are only assigned to roles necessary for them to perform their job responsibilities. Additionally, we also recommend that the established roles be reviewed so that access is limited to the areas necessary for employees to perform their job responsibilities.