

The 2021-22 fiscal year external audit was performed by Mengel Metzger Barr & Co. LLP for the Baldwinsville Central School District. The audit findings are summarized below and can be reviewed in detail in the full audit reports that are also attached. The items listed below were found as opportunities for strengthening internal controls and operating efficiency. The audit committee reviewed the full reports on September 12, 2022 and discussed corrective action steps as noted below in italics. In addition the Audit Committee was provided with and reviewed a copy of the District's 2021-22 Basic Financial Statements Report.

External audit observations and corrective action:

1. During our examination we noted that payrolls are not certified prior to distribution of payroll payments. We recommend that payroll registers be reviewed and certified by the District's Board appointed payroll certification individual, prior to the distribution of payroll payments.

- a. *The District appointed the Assistant Superintendent for Management Services as the payroll certifier and the Superintendent as the backup payroll certifier at our July 11, 2022 reorganizational meeting. The payroll certifier reviews the distribution of payroll prior to payment.*

2. Federal Regulation #7CFR Part 210.09 recommends the School Lunch Fund balance not exceed three months average expenditures. The fund balance at June 30, 2022 totaled \$1,178,902 which exceeded the recommended balance by \$979,193. We recommend the District develop the corrective action necessary for compliance with the Federal Regulation.

- a. *The excess is related to the increased Federal reimbursement during the Free lunch period. The District anticipates this will be reduced during the upcoming school year as this program has ended.*

Other Items - The following items are not considered to be deficiencies in internal control; however, we consider them other items which we would like to communicate to you as follows:

The District has updated their policies and procedures surrounding the Uniform Grant Guidance (UGG) to document in a written procedural manual that is specific to each federal program compliance requirement. As part of this manual a conflict of interest statement should be completed by District staff and Board members.

- a. *The District has started a process of having District staff and Board members annually fill out a conflict of interest statement prior to the beginning of the school year and submit it to the District Clerk.*

The District appreciates the opportunity to work with its auditors to become more efficient and will continue to make improvements in these processes.