

ORLEANS - NIAGARA
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NEW YORK
COMMUNICATING INTERNAL CONTROL
RELATED MATTERS IDENTIFIED IN AN AUDIT
For Year Ended June 30, 2018

Raymond F. Wager, CPA, P.C.
Certified Public Accountants

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October 2, 2018

To the Board Members
Orleans-Niagara
Board of Cooperative Educational Services, New York

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Orleans-Niagara Board of Cooperative Educational Services, New York as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Orleans-Niagara Board of Cooperative Educational Services, New York's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 BOCES internal control. Accordingly, we do not express an opinion on the effectiveness of the BOCES internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the BOCES financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

Prior Year Deficiencies Pending Corrective Action:

Employee Health Insurance Premium –

The balance of the employee share of health insurance premiums held in the Trust and Agency Fund has a remaining balance of \$475,182 at year end. While we commend the BOCES for transferring accumulated balances of \$450,000 relating to the health insurance premiums out of this fund and into the General Fund, the balance in the account still increased from the prior year.

We recommend the BOCES continue with their plan to reduce these balances.

(Prior Year Deficiencies Pending Corrective Action) (Continued)

Adult and Continuing Education –

As part of our examination over the adult and continuing education programs offered by the BOCES, we noted the following programs had an operating loss during the year:

1. 908 Nursing Aide Program (\$9,792)
2. 907 Night School (\$17,302)
3. 909 Home Health Aide (\$3,751)

We recommend the BOCES continue to monitor the adult and continuing education programs to ensure program revenues are sufficient to cover expenditures.

Current Year Deficiencies in Internal Control:

Offsite Cash Collection –

During our review of offsite cash collections, we noted two instances where deposits were made untimely. In addition, we noted one instance where two receipts collected were deposited two days after other deposits collected within that time frame.

In an effort to safeguard cash, we recommend every effort be made to deposit cash in a timely manner. In addition, all cash collected should be deposited intact.

Staffing Changes –

At year end, the BOCES discovered thirteen employees that were incorrectly coded between general fund and special aid fund. Staffing change requests were completed after year end, and salary was reclassified.

While we commend the BOCES for correcting this error, we recommend steps be taken to review salary coding at the beginning of the year for accuracy.

Capital Projects –

Local funding transferred into the Capital Projects Fund annually has led to an unallocated project balance in the fund totaling \$238,222.

We recommend the BOCES continue to track project balances separately, and officially approve the transfer of excess funds to new capital projects.

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 AICPA Center for Audit Quality recently issued a cyber security risk management document discussing cyber threats that face both public and private entities. The BOCES’ IT personnel routinely assesses cyber risk as part of their normal operating procedures. We recommend the BOCES 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. The LPN combined program had an overall operating profit of \$81,136 during the year.

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.

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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 2, 2018