

CAMDEN CENTRAL SCHOOL DISTRICT

**Communication of Management Letter Comments
For the Year Ended June 30, 2019**

October 2, 2019

Dr. Ravo Root, Superintendent
Camden Central School District

In planning and performing our audit of the financial statements of the Camden Central School District (the District) as of and for the year ended June 30, 2019, 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 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The list that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated October 2, 2019, on the financial statements of the Camden Central 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 these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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CAMDEN CENTRAL SCHOOL DISTRICT

COMMUNICATION OF MANAGEMENT LETTER COMMENTS

1) Observation:

The District maintains a Debt Service Fund with restricted cash balances of approximately \$6,170,000. Currently, principal and interest payments are made from the General Fund.

Recommendation:

The Government Accounting Standards Board recommends that debt service funds are used to account for and report financial resources restricted, committed, or assigned to pay general long-term debt principal and interest. Since funds are accumulated for the payment of long-term debt in the debt service fund, we recommend that the payments be made from the debt service fund.

2) Observation:

Based upon inquiry, the Music Department appears to maintain a system for inventorying instruments, signing instruments in and out and evaluating the condition of the instruments and determining when repairs or disposal is the correct course of action. The Music Department is also responsible for collecting the fees for instruments rented by the students, and remitting the payments to the Business Office.

Recommendation:

We recommend the Music Department and the Business Office review current policies and procedures as it relates to the management of property maintained by the Music Department to ensure the instruments and rental payments are properly accounted. Recommend procedures include:

- Inventory results should be provided to the Business Office.
- The Business Office should review all disposals to ensure that the disposal is properly approved and accounted for.
- Fees collected for rental charges should be remitted in a timely manner to the Business Office.
- Receipts, corresponding inventory logs and sign-out sheets should accompany collections to ensure that the Business Office can reconcile amounts collected.

3) Observation:

Active cyber threats on school districts continue to evolve and grow. In response, New York State has developed regulatory requirements (Ed Law 2d, SHIELD Act, NYSED NIST Cybersecurity Requirements, etc.) which the District should be prepared to comply.

Recommendation:

We recommend the following items be considered to protect the District's data and assets.

1. Have a full and accurate data inventory completed so you can accurately document and assess the:
 - a. Data types
 - b. Uses
 - c. Locations (internal and external)
 - d. Compliance requirements
 - e. Retention requirements
 - f. Destruction requirements
2. Perform a new risk assessment based on the data sets found including:
 - a. Internal and external technical, administrative and physical vulnerability assessments
 - b. Perform Red Team Penetration testing (just like a real hacker would attack you)
 - c. Measure cybersecurity regulatory and legal compliance levels per data type
3. Build a risk management portfolio based on your unique risk mitigation expectations
4. Train all personnel on their roles and responsibilities for cybersecurity and privacy protection
5. Test your Computer Security Incident Response Plan
6. Assess your cyber liability policy to ensure that the District has the appropriate coverage for an advanced attack.
7. Actively work the risk portfolio

As noted above, one of the critical steps is to perform the required accurate and thorough risk analysis. It is mandatory for all entities in New York to meet the new New York SHIELD Act, Ed Law 2d and the NIST Cybersecurity compliance. Without this analysis, the District is at an increased risk of negative outcomes in the event of a ransomware attack or other breach and the possibility of the subsequent regulatory audit.