

WAYNE COUNTY WATER AND SEWER AUTHORITY

NEW YORK

**COMMUNICATING INTERNAL CONTROL
RELATED MATTERS IDENTIFIED IN AN AUDIT**

For Year Ended December 31, 2018

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

RAYMOND F. WAGER, CPA, P.C.
Certified Public Accountants

March 11, 2019

To the Board Members
Wayne County Water and Sewer Authority, New York

In planning and performing our audit of the financial statements of the Wayne County Water and Sewer Authority, New York as of and for the year ended December 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Wayne County Water and Sewer Authority, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's 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 Authority's 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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations during our audit, we did not identify any deficiencies in internal controls that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Prior Year Deficiency Pending Corrective Action:

Procurement Procedures –

As the Authority continues to grow and expand their coverage in the Wayne County area, consideration should be made to review common types of chemicals that can be pooled together to be subjected to competitive bidding.

We recommend the Authority develop procedures to identify those products that are similar in nature and determine if a competitive bid can be utilized.

Other Items:

The following item is not considered to be a deficiencies in internal control, however, we consider them other items which we would like to communicate to you as follows:

Process and Procedures –

As the Authority continues to grow its customer base through inter-municipal cooperation, the need to consider a financial software package that integrates the billing, accounting, and asset management functions will become an important aspect of efficiencies and internal control.

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 Authority’s IT personnel routinely assesses cyber risk as part of their normal operating procedures. We recommend the Authority 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 that the following prior year recommendation has been implemented to our satisfaction:

1. As part of the reconciliation process the accounting manager identified prior year items which required journal entries.

This communication is intended solely for the information and use of management, the Board of Directors and the audit committee, and is not intended to be and should not be used by anyone other than these specified parties.

* * *

We wish to express our appreciation to all personnel of the Authority for the courtesies extended to us during our examination.



Rochester, New York
March 11, 2019