

WAYNE COUNTY WATER AND SEWER AUTHORITY

NEW YORK

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

For Year Ended December 31, 2022



BUSINESS
ADVISORS
AND CPAS



BUSINESS
ADVISORS
AND CPAS

March 22, 2023

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 (the Authority) as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority'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 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.

Current Year Deficiency in Internal Control:

Inventory –

During our review of inventory, we noted the Authority uses a spreadsheet to track inventory and manually updates it throughout the year as changes occur. Due to the manual process, we noted the following inconsistencies:

1. During our inventory observation, we noted one physical asset that was not included on the listing and four instances where the inventory count was lower than the physical assets examined.
2. We noted two instances where the end count was shown as a negative number.
3. We noted various formula errors and hard keyed numbers, causing the ending values to be incorrect.

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:

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.

*

*

*

This communication is intended solely for the information and use of management, the Board others within the organization 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 staff for the courtesies extended to us during the course of our examination.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
March 22, 2023