

WAYNE COUNTY WATER AND SEWER AUTHORITY

NEW YORK

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

For Year Ended December 31, 2023



BUSINESS
ADVISORS
AND CPAS



BUSINESS
ADVISORS
AND CPAS

March 21, 2024

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, 2023, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated March 21, 2024 on the financial statements of the Authority. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized as follows:

Prior Year Deficiency Pending Corrective Action:

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 one instance where the inventory count was lower than the physical assets examined.
2. We noted various formula errors and hard keyed numbers, causing the ending values to be incorrect.
3. We noted 13 physical assets that did not have a price per unit listed, causing the ending values to be zero.

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.

Prior Year Recommendation:

The prior year recommendation is noted above.

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We believe that the implementation of these recommendations will provide the Authority with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you at your convenience.

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, Baw & Co. LLP

Rochester, New York
March 21, 2024