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## Ciaschi • Dietershagen • Little • Mickelson & Company, LLP

*Certified Public Accountants and Consultants*

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### MANAGEMENT COMMENT LETTER

The Chairman and Members  
of the County Legislature  
County of Tioga  
Owego, New York

In planning and performing our audit of the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Tioga (the County) for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the County of Tioga's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 entity'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 significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

### **SIGNIFICANT DEFICIENCY**

#### Timeliness of Bank Reconciliations

##### Condition:

During our audit in 2006, we noted reconciliations of the County's bank accounts were not performed in a timely manner, resulting in an undetected material misstatement in the basic financial statements. Reconciling bank accounts on a timely basis permits errors or other problems to be recognized and resolved on a timely basis. Also, it is generally simpler and less time-consuming to reconcile accounts while transactions are fresh in mind. Via inquiry of County personnel, we discovered the computer system could not provide necessary information needed to complete reconciliations until year end closing, which occurs in April.

##### Recommendation:

It was recommended the County establish internal controls to ensure bank reconciliations are performed in a timely manner.

##### Current Status:

Bank reconciliations were performed in a timely manner throughout the year, with the exception of the year end, for the reasons described in the first paragraph of this section. The County has purchased new financial software and is in the process of installation and implementation.

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## **OTHER MATTERS**

As part of this year's audit, we were asked by the Treasurer's Office to review the Office of Mental Hygiene. The procedures we performed are outlined in a separate letter addressed to the County Treasurer and the Commissioner of Community Services. Below are the recommendations we offered in that letter as a result of our review.

### Revenue Sheet Reconciliation

#### Condition:

Cashiers record all receipts on revenue sheets daily; however, the revenue sheets list the total funds collected, making it difficult to trace individual receipts to the revenue sheets.

#### Recommendation:

We recommend revenue sheets be restructured to allow a detailed listing of each payment made, as well as the total. Upon inquiry of the Director of Administrative Services, we learned the revenue sheets have since been restructured to facilitate tracing of individual transactions.

### Staffing Levels

#### Condition:

The number of administrative staff is limited and the number of cross trained staff is minimal. When there are absences, especially extended leaves, the increased workload on the remaining staff has led to delays in billing secondary payors and following up on denials. Such delays could result in cash flow problems and possible loss of revenue.

#### Recommendation:

In order to maximize coverage, we recommend the Department analyze staffing levels/assignments, given existing economic constraints. Upon inquiry of the Director of Administrative Services, we have since learned the Department is in the process of hiring a billing specialist to help alleviate this issue.

## **Prior Year Findings - Resolved**

### Bank Reconciliations to the General Ledger

#### Condition:

During our prior year review of bank reconciliations, the bank reconciliation for one account did not reconcile to the general ledger. Upon inquiry of County staff, it was revealed adjustments had been made to the general ledger to include additional deposits in transit at year-end. However, the bank reconciliation did not list those items as outstanding items, resulting in the discrepancy between the bank reconciliation and the general ledger. County staff was able to research and provide backup to support the adjustments made to the general ledger.

A purpose of reconciling bank balances to the general ledger is to identify errors, potential fraudulent transactions, or other problems which could cause cash to be misstated in the general ledger. Therefore, timely bank reconciliations, investigation and resolution of any issues are an important aspect of internal control over financial reporting.

#### Recommendation:

To ensure accurate financial reporting, the reconciled bank balance should agree to the general ledger. Any discrepancies should be researched in a timely manner and adjustments recorded as necessary.

#### Current Status:

Based on the work we performed for the year ended December 31, 2014, all bank reconciliations agreed to the general ledger.

Supervisory Approval of Social Service Block Grant Child Services Applications

Condition:

During our prior year testing of controls over the Social Services Block Grant program, we noted the inconsistent use of supervisory approvals on applications for child services. Supervisory reviews help to ensure proper procedures are being followed and compliance requirements are met. Of the files examined, we did not find any instances of noncompliance.

Recommendation:

To ensure compliance with grant requirements, we recommend a supervisor review and sign off on applications as evidence of their review.

Current Status:

Social Services Block Grant program was not selected for testing this year. However, 40 applications for the Low Income Energy Assistance Program were examined as part of our internal control testing. All 40 applications had evidence of supervisory review and approval.

We will review the status of these matters during our next audit engagement and we will be pleased to discuss these in further detail at your convenience or perform any additional study of these matters.

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

*Cinchi, Dickel, Little, Mickelson & Co., LLP*

September 11, 2015  
Ithaca, New York