

Montessori Elementary School

2018-001 Internal Control over Financial Reporting (Compliance and Other Matters)

Condition/Context: During our review of subsequent disbursements we identified one disbursement of \$3,565 that should have been identified as accounts payable as of June 30, 2018 by management.

Criteria: Per NMAC 6.20.2.11, every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP.

Cause: Lack of effective internal controls surrounding the year-end financial close and reporting process.

Effect: Possible misstatement to the financial statements.

Auditor's Recommendation: We recommend that management ensure that adequate internal controls are established surrounding the year-end financial close and reporting process.

Management's Response: *The Schools Audit Committee and Management are aware of the finding and are making changes to address the issue. The Schools Business Manager will continue to implement the established internal controls to report year end liabilities. The liability in question payment was made after year end close because the items received were missing one item which was received after year end.*

Implementation: Ongoing

Person Responsible: Business Manager