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Management
Lakeville Area Public Schools
Lakeville, Minnesota

In planning and performing our audit of the financial statements of Lakeville Area Public Schools as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, we considered the entity'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

However, during our audit we became aware of deficiencies in internal controls other than significant deficiencies and material weaknesses and other matters that are opportunities to strengthen your internal controls and improve the efficiency of your operations. Our comments and suggestions regarding those matters are summarized below. A separate communication dated December 2, 2015, contains our written communication of significant deficiencies and material weaknesses in the entity's internal control. This letter does not affect our communication dated December 2, 2015.

Employee Access Rights and Termination of Access Rights

During our audit we performed review procedures over the District's procedures for removing financial system and IT access rights for employees which separate from the District as well as the financial system and IT access rights of current employees. Specifically, we selected ten employees who had separated from the District during fiscal year 2015 and reviewed that any access rights they had to the TIES system were terminated in a timely manner after their separation date. Of the ten employees which separated from the District during 2015, we noted that six of them did not have their access rights to TIES properly removed at the time of our review. We noted that two of these employees were bookkeepers and one was an office manager that had access to financial modules such as the PO system. We recommend that the School implement procedures and controls to ensure that all terminated employees have their access rights removed in a timely manner.

We also reviewed current employees' access rights and noted that payroll employees have access to the HR modules in the TIES system in addition to the payroll module. As part of a good internal control system with segregation of duties these are functions that should be segregated and generally no employee should have access to make changes in both modules. We recommend that the District limit payroll personnel's access to the HR module to read-only. In addition, we recommend that the District review the access rights of all of its current employees and remove any access rights that are not necessary for the employees to perform their required job duties.



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Wire Transfer Procedures

During our review of the District's internal controls we noted that the District has arranged with their financial institution to send an email notification any time a wire transfer is initiated on the District's accounts. The notification is currently only set up to be sent to the District's Controller, however, the Controller is usually the one initiating the wire transfers. We recommend that the District initiate a policy where only certain people can initiate a wire transfer and any alerts from the financial institutions are set up to go to an individual who cannot initiate a wire transfer.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various entity personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management and others within the entity, and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 2, 2015