



October 6, 2020

Proven Expertise and Integrity

Ms. Brittany Gilman
Business Manager
Addison Central School District
49 Charles Avenue
Middlebury, Vermont 05753

Dear Brittany,

This letter is being furnished to summarize our observations and findings as it pertains to the eFinance software and its relationship to our financial statement audits.

As you are aware, our firm performs more than half of all the school audits in the State of Vermont.

As we understand, on or around school fiscal year ended June 30, 2018, the first stage of eFinance and the implementation of this fiscal software was launched. We had two of our schools we audit in the first round of eFinance implementation. The following are some of the “management comments” we communicated during those audits:

Operating System:

While performing our audit for the above-mentioned fiscal year, we noted two different operating systems in use. Profund was being utilized for payroll while eFinance was being used for accounting, cash receipting, accounts payable and other business office functions. We recommend consolidating to one operating system. This will ensure accurate and timely reports for local, state, federal and other reporting agencies.

While performing our audit for the above-mentioned fiscal year, we noted a lack of understanding for the new system, eFinance. Since eFinance is the system of record and will be used for all business office transactions, we recommend that all users receive job duty related training on the many processes and procedures done by the business office. This includes, but not limited to, payroll setup and functionality, accounts payable, accounts receivable, bank reconciliations and year end processing.

Bank Reconciliations:

While performing our audit for the above-mentioned year end, we noted the entity did not reconcile its bank statements in a timely manner. We consider this area crucial in the entity's processing of accurate financial information. We recommend that the School District perform all cash reconciliations on its financial software within 21 days of month end.

General Ledger Reconciliations:

While performing the audit for the above-mentioned fiscal year, various general ledger accounts including some cash and depository accounts, accounts receivable, payroll tax liabilities, revenues, expenses, and other various accounts did not reconcile. All general ledger accounts should be reconciled on a monthly basis and when necessary, to subsidiary ledgers. Some of these accounts still contain immaterial variances. We recommend that the entity reconcile all general ledger accounts within 21 days from month end.

Accounting Software:

While performing the audit for the above-mentioned fiscal year, we noted that the business office had difficulty providing financial reports with consistent information for use for the audit process. We believe this is a software and training issue. We recommend that the business office and its staff receive sufficient training and guidance from the financial software company to ensure that the appropriate, consistent financial information is produced from their financial software throughout the year and during the audit process.

The result of many of the above comments led to additional accounting work for these clients which delayed the audit and added additional costs that were very expensive to the engagement. These accounting services were necessary to get the client “audit ready”. This put additional burdens on the client due to inadequate in-house staffing to maintain and correct the software, and inadequate training to use this software.

As discussed, as it pertains to your audit in progress, we have noted the following observations at it relates to your fiscal software:

- 1) We were unable to get a useful summary trial balance with useful columns to allow us to understand current year activity. The Trial balance we received just had ending balances. Not the traditional beginning balances, current year debits, current year credits, and ending balances.
- 2) Cognos reports were used to try to deal with the above matter noted. While utilizing and understanding those reports, it was discovered that those reports were out of balance and would not agree with other system reports run. Each report would have a different variance which made them unreliable.
- 3) Bank reconciliation does not reconcile to G/L. Bank reconciliations had to be done manually.
- 4) Detail reports were cumbersome and exported to excel. The information downloaded from eFinance to excel was generated into 1 report. As discussed, it appears these reports can be easily manipulated.
- 5) No due to/from accounting feature
- 6) Inability to print an AP listing that ties to G/L
- 7) Reports can't be run for timing after month end for encumbrances
- 8) Check numbers have to be manually entered. System does not start from last check. We have seen duplicate check numbers
- 9) Document management system is not practical and labor intensive
- 10) Names on checks can be changed in the system after the check has been issued
- 11) System does not print check stubs

As you can see from the above comments, many basic accounting needs that any fiscal software should be able to handle, are just not available in eFinance. This increases the burden on staff to manually complete accounting work increasing risk for errors and staff burnout. Additionally it requires more staff time and overall makes the daily fiscal routine more cumbersome when compared to other fiscal software we see or that are currently utilized by your peers.

At your request, both Josh Quinn and I have reached out to Bill Bates with the Agency of Education and expressed to him these same very concerns. Bill had arranged with eFinance that a representative (John Dawson) from Powerschool also be on the call. John did not join this call, but Bill was going to share on conversation with him. On that call we conveyed to Bill that before any more implementations occur with this software, that they be all delayed until these matters are addressed.

If you have any questions please do not hesitate to call me at 800-300-7708.

Very Best,

A handwritten signature in blue ink, appearing to read "Ron".

Ron H.R. Smith, C.P.A.