

WALLKILL CENTRAL SCHOOL DISTRICT

***INDEPENDENT INTERNAL AUDIT REPORT
AGREED-UPON PROCEDURES
RISK ASSESSMENT UPDATE
2019***

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INDEPENDENT INTERNAL AUDIT REPORT
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TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES	1
ATTACHMENT	3

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
RELATED TO INTERNAL CONTROLS

To the Board of Education of the
Wallkill Central School District
19 Main Street
PO Box 310
Wallkill, New York 12589

We have performed the procedures enumerated below, which were agreed to by the Board of Education of the Wallkill Central School District on the internal controls of the Wallkill Central School District for the year ended June 30, 2020. The Wallkill Central School District's management is responsible for the internal controls. The sufficiency of the procedures is solely the responsibility of the Wallkill Central School District Board of Education. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

PROCEDURE

We interviewed the Assistant Superintendent for Support Services, District Treasurer, Business Office staff and various other employees. Our interviews were to help determine whether or not the District had sufficient internal controls in the accounting and reporting system.

As part of our engagement, we reviewed the District's policies and procedures and then tested procedures related to procurement, cash receipts and disbursements, payroll, wire transfers, employee reimbursements and credit card disbursements. We then assessed risk accordingly.

The following are our findings from our discussions with the various personnel and procedures performed.

CURRENT YEAR FINDINGS

We did not have current year findings.

RISK ASSESSMENT

See Attachment

We would like to thank all of the staff that assisted us during our engagement.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the District's internal controls. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Cooper Arias", followed by a stylized mark that looks like "LH".

Mongaup Valley, New York
December 5, 2019

ATTACHMENT

Walkill Central School District
Risk Assessment

Organizational Area	School Process/Function	Inherent Risk	Control Risk	Materiality Risk	Overall Risk	Reason for Risk Assessment
GOVERNANCE AND PLANNING	Governance and Control Environment	Low	Low	Low	Low	The District has a strong Board and Administration that has set up controls. The Board and Administration strives to set a good example from the top down. The Board is actively involved with the planning. The Administration has not had changes during the year.
	Strategic Planning	Low	Moderate	Low	Low	The Board and Administration has strategic planning implemented and is continuing to deal with constant threats of decreasing State and Federal Aid. The economy makes it difficult to plan for the long term. The District must try to keep the budget within the constraints of the New York State 2% Real Property Tax Cap Limit. The District is using fund balance to balance the State Aid gap. The District has plans for using the reserves in the future.
	Budget Development and Budget Administration	Low	Low	Moderate	Low	The District continues to work on budgeting. The New York State Districts struggle with budgeting because of the uncertain economy and New York State budget decreases. It is difficult to budget due to these uncertainties. The District will need to budget within the 2% property tax cap limit for the next fiscal year.

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Organizational Area	School Process/Function	Inherent Risk	Control Risk	Materiality Risk	Overall Risk	Reason for Risk Assessment
ACCOUNTING AND REPORTING	Assessing Financial Condition	Low	Low	Moderate	Low	The District has had no significant audit findings during the last several years.
	Financial Accounting and Reporting	Low	Moderate	Moderate	Low	
	Auditing	Low	Low	Low	Low	
	State Aid and Grants	Low	Moderate	Moderate	Moderate	
REVENUE AND CASH MANAGEMENT						The threat of error or misappropriation is high for cash. However, school districts cash receipts are mostly real estate taxes and Federal and State Aid which are closely monitored.
	Cash Receipts and Revenue	Moderate	Low	Moderate	Moderate	
	Cash Management and Investments	Low	Low	Moderate	Low	
	Petty Cash	Moderate	Low	Low	Low	

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Organizational Area	School Process/Function	Inherent Risk	Control Risk	Materiality Risk	Overall Risk	Reason for Risk Assessment
PURCHASING AND EXPENDITURE	Purchasing	Moderate	Moderate	High	Moderate	The District has policies and procedures over purchasing. The purchasing system appears to be working adequately.
						The District has limited segregation of duties regarding accounts payable and cash disbursements. The District has set up controls to help mitigate these segregation of duties.
	Accounts Payable and Cash Disbursements	Moderate	Moderate	Moderate	Moderate	
						Payroll is a large percentage of total expenditures in any school district. The District has implemented policies and procedures as well as controls to help mitigate internal control and segregation of duties issues.
	Payroll and Personnel	Moderate	Moderate	Moderate	Moderate	
	Travel and Conferences	Moderate	Low	Low	Low	The District's policies and procedures have been established to help ensure the reimbursements and actual travel expenses are controlled properly.

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Organizational Area	School Process/Function	Inherent Risk	Control Risk	Materiality Risk	Overall Risk	Reason for Risk Assessment
FACILITIES, EQUIPMENT, AND INVENTORY CONTROLS	Facilities Maintenance	Moderate	Low	Low	Low	The District has controls in place to help limit risk.
	Facilities Construction	Moderate	Low	Low	Low	The District has capital projects ongoing.
	Inventory Controls	Moderate	Low	Low	Low	The District has set up controls over inventory. The fuel tank is locked within a fenced area. Supplies are locked in each building to prevent theft.
	Student Transportation	Moderate	Low	Low	Low	The District has outsourced the student transportation and has a contract with the vendor. The District works closely with the vendor to ensure the safety of the children and tries to use the most efficient routes.
STUDENT SERVICES	Food Service	Moderate	Moderate	Low	Moderate	The District has outsourced the food service. The District works closely with the vendor to verify the vendor is following proper protocol.
	Extraclassroom Activity Fund	High	High	Low	High	The Extraclassroom Activities Fund is run by students and advisors that do not always have financial backgrounds. Traditionally the majority of the receipts collected are cash. Although it is usually a small dollar amount of funds running through the accounts, the impact on the community if there were to be misappropriations or theft would be great. The District has made many improvements to the procedures of the Extraclassroom Activities Fund. Attendance is very important in a District. The District has procedures in place to help ensure that the attendance is properly accounted.
	Attendance	Low	Low	Low	Low	The District has procedures in place to account for this area.
STUDENT RELATED DATA	Reliability of Student Performance Data	Low	Low	Low	Low	