

WALLKILL CENTRAL SCHOOL DISTRICT

***INDEPENDENT INTERNAL AUDIT REPORT
AGREED-UPON PROCEDURES
RISK ASSESSMENT UPDATE
2023***

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

To the Board of Education of the
Wallkill Central School District
1500 Route 208
PO Box 310
Wallkill, New York 12589

We have performed the procedures enumerated below on the internal controls of the Wallkill Central School District Board of Education for the year ended June 30, 2023. The District's management is responsible for the internal controls.

The Board of Education of the Wallkill Central School District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the update of the risk assessment. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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, employee reimbursements and credit card disbursements. We then assessed risk accordingly.

Procurement

1. Reviewed purchases over the various thresholds in the procurement policies to verify the proper quotes or bids were requested prior to purchase.
2. Verified the applicable purchases had supporting documentation to verify the vendor certified that they paid prevailing wages.

Findings

No exceptions were noted as a result of these procedures.

Cash Receipts

Randomly selected cash receipts and performed the following:

1. Verified account code was reasonable
2. Verified the deposit was made into bank statement timely
3. Verified amount was logged in the cash receipts daily log
4. Reviewed supporting documentation

Findings

No exceptions were noted as a result of these procedures.

Cash Disbursements

Randomly selected cash disbursements and performed the following:

1. Verified account code was reasonable
2. Verified the purchase order approval was prior to the actual purchase of the goods or service, unless an emergency or special circumstance
3. Verified the purchase was approved by the responsible employee
4. Verified the Claims Auditor approved by signing the warrant
5. Verified the cancelled check agreed with the vendor, date and amount
6. Verified the store credit purchase was on the credit card log

Findings

There were five instances where there was no purchase order present with the claim packet. The items were for the following:

Number of Instances	Type of Disbursement	Disbursement Amount	Comment
1	Dues	\$ 1,864.36	Dues are paid in July each year and amounts change each year. District does not prepare purchase orders for dues because they do not know the amount until they receive the invoice.
2	Emergency repairs	\$40-\$575	Emergency occur on a regular basis and items must be purchased immediately.
1	Advertising in newspaper	\$699.59	District does not prepare purchase orders for non- recurring advertisements.
1	Audio Book	\$8.08	Book was needed immediately for student and therefore did not create a purchase order for this amount.

Credit Card Test

Randomly selected disbursements payable to the District credit card vendors and performed the following:

1. Verified account code was reasonable
2. Verified the purchase order approval was prior to the actual purchase of the goods or service, unless an emergency or special circumstance
3. Verified the purchase was approved by the responsible employee
4. Verified the Claims Auditor approved by signing the warrant
5. Verified the cancelled check agreed with the vendor, date and amount

Findings

The District uses a credit card for a hardware store and also a major credit card. The three purchases we reviewed for the hardware store did not have preapproved purchase orders because they were emergency purchases for repairs. The two purchases on the major credit card were for a recurring charge of \$12 for a newspaper subscription and the District does not prepare a purchase order for this.

The District may want to consider setting up a blanket purchase order for the purchases at the hardware store with the credit card. The purchase order should specify the amount allowed and once the purchase order is used, a new purchase order would be prepared. This control would also help with to ensure the budget line is not overspent since the purchase order would encumber the funds. The District does have an open purchase order for the local hardware store.

Employee Reimbursement

Randomly selected employee reimbursements and performed the following:

1. Verified account code was reasonable
2. Verified the purchase was approved by the responsible employee on claim form
3. Verified the Claims Auditor approved by signing the warrant
4. Verified the cancelled check agreed with the vendor, date and amount
5. Traced to approved conference request if applicable

Findings

No exceptions were noted as a result of these procedures.

Payroll

We randomly selected employees paid on September 9, 2022 and performed the following:

1. Verified the gross amount was correct per contract and step based on the applicable bargaining units.

2. Verified salary agreed to the salary notice, if applicable
3. Verified teaching or professional certificate was on file, if applicable
4. Verified fingerprint documentation was on file
5. Verified the account code appears reasonable
6. Verified the correct retirement was withheld from the gross
7. Verified the health insurance was proper per contract
8. Verified payroll was certified

Findings

No exceptions were noted as a result of these procedures.

New Hire Test

We randomly selected newly hired employees to verify the payroll files included the following:

1. Form I-9
2. Form W-4
3. Fingerprinting approval
4. Teacher Certificate, if required
5. New York State Employee Retirement Service waiver if employee did not join retirement system.

Findings

No exceptions were noted as a result of these procedures.

Bank Reconciliation/Treasurer Report

We reviewed the bank reconciliation to make certain the amounts agreed to the trial balance and the reconciliations are reviewed.

Findings

No exceptions were noted as a result of these procedures.

Journal Entries

We verified the journal entries were printed, approved and filed in a binder with supporting documentation.

Findings

No exceptions were noted as a result of these procedures.

RISK ASSESSMENT

See Attachment

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

We were engaged by the Board of Education of the Wallkill Central School to perform this agreed upon procedures engagement and conducted our engagement 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 engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the internal controls. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Board of Education of the Wallkill Central School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our agreed-upon procedures engagement.

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

Cooper Arias, LLP

Mongaup Valley, New York
January 28, 2023

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. The District also has received COVID response funding that have been planned over the next several years.
	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. All Districts have been affected by the COVID 19 pandemic. Some State Aid has been cut and is difficult to determine what future state aid will be cut or delayed. 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.

Walkill Central School District
Risk Assessment

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						<p>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.</p> <p>The District does not invest in high risk investments.</p> <p>The amount of petty cash is not material to the financial statements and the District has set up controls to mitigate theft or misplacement.</p>
	Cash Receipts and Revenue	Moderate	Low	Moderate	Moderate	
	Cash Management and Investments	Low	Low	Moderate	Low	
	Petty Cash	Moderate	Low	Low	Low	

Walkill Central School District
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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.
	Accounts Payable and Cash Disbursements	Moderate	Moderate	Moderate	Moderate	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.
	Payroll and Personnel	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. The staff in the payroll department has recently changed and District has provided additional support for new employees.
	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 SERVICES	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.
	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.
	Extracurricular Activities Fund	High	High	Low	High	The Extracurricular 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 Extracurricular Activities Fund.
	Attendance	Low	Low	Low	Low	Attendance is very important in a District. The District has procedures in place to help ensure that the attendance is properly accounted.

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Organizational Area	School Process/Function	Inherent Risk	Control Risk	Materiality Risk	Overall Risk	Reason for Risk Assessment
	Reliability of Student Performance Data	Low	Low	Low	Low	The District has procedures in place to account for this area.