

WARWICK VALLEY CENTRAL SCHOOL DISTRICT

INDEPENDENT INTERNAL AUDIT REPORT

AGREED-UPON PROCEDURES

EXTRACLASSROOM ACTIVITY FUNDS

2024

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

To the Board of Education of the
Warwick Valley Central School District
225 West Street
Warwick, New York

We have performed the procedures enumerated below on the internal controls of the Warwick Valley Central School District Board of Education for the year ended June 30, 2024. The District's management is responsible for the internal controls.

The Board of Education of the Warwick Valley Central School District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of understanding the controls over the extraclassroom activity funds. 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.

Background – Extraclassroom Activity Funds

The Extraclassroom Activity Fund should provide a learning experience in business procedures needed to safeguard the collection, deposit and disbursement of money and the filing of sales tax revenue. The New York State Comptroller's has issued a pamphlet to be used by Districts and describes how to accomplish the safeguarding. The pamphlet helps the districts be in compliance with the Regulations of the Commissioner of Education (8 NYCRR Part 172) to protect the extraclassroom activity funds. This gives the students an opportunity to understand how to run a business.

The District must make sure the students are involved in the operations of each club. Every club must have elected officers and they should have regular meetings and minutes that state the students have decided what fundraisers they would like to hold and how they would like to spend the funds. The District is responsible for assigning an advisor for each club to help the students operate the club. The District must also assign at least one Treasurer to over see the record keeping and approving the payment and receipts. Warwick Central School District has a Treasurer of Student Accounts in the Business Office and Internal Account Advisors for the Middle School and High School.

The Treasurer of the Student Accounts maintains the official records of the Middle School and High School. The Internal Account Advisors are responsible to maintain records in each school and make sure the students are involved with the operations of the clubs. Each club should maintain their own subsidiary account to make sure their collections and expenditures are correct and agree with the Treasurer of Student Accounts.

The procedures and associated findings are as follows:

PROCEDURE 1

We interviewed the Treasurer of the Student Activity Account and the Internal Account Advisors for the Middle School and High School. Our interviews were to help determine whether or not the District had sufficient internal controls over the extraclassroom activity funds.

FINDINGS

We were told that the Middle School Internal Account Advisor is also a club advisor. The individual is approving the receipts and expenditures for their own club. We recommend an additional individual approve the club activity in the future.

No exceptions were noted as a result of this procedure for the High School.

PROCEDURE 2

We selected forty cash disbursements from the Middle School and High School general ledgers for the 2023-2024 fiscal year. We performed the following for each cash disbursement:

1. Verified proper supporting documentation such as an invoice and/or minutes from the club allowing the disbursements
2. Verified proper approval of
 - a. Student Treasurer
 - b. Advisor
 - c. Internal Account Advisor
3. Verify the disbursement was posted in the general ledger to the correct club account
4. Verify the cancelled check agrees with the general ledger

FINDINGS

1. Supporting Documentation
 - a. The Extraclassroom Activity Funds are not exempt from New York State Sales Tax when purchasing goods. We noted eight instances where the clubs did not pay the required New York State Sales Tax on purchases.
 - b. We noted there were three instances where the purchases were shipped to an address other than the District buildings. We recommend that the items be shipped

to the District. In the event that this is not possible, there should be an additional signature to state the items were received and used by the club.

- c. We noted a disbursement that was ordered to be shipped on the same day the advisor was reimbursed. This order was shipped to an address other than the District building. We recommend in the future to make sure the reimbursements are not done prior to receipt of the goods and proof the items were received.

2. Proper Approval

No exceptions were noted as a result of this procedure.

3. Posted to Proper Club Activity

No exceptions were noted as a result of this procedure.

4. Cancelled Checks

We noted that the checks written and cleared from September 1, 2023 – December 31, 2023 were not available from the bank to be reviewed. We recommend in the future to obtain all copies of cancelled checks and keep them on file.

PROCEDURE 3

We selected forty cash receipts from the Middle School and High School general ledgers for the 2023-2024 fiscal year. We performed the following for each cash receipt:

1. Verified receipt was deposited into the bank account timely.
2. Verified there was proper supporting documentation for the cash receipts.
3. Verified there was a fundraiser request form approved and on file
4. Verified approval by the Student Treasurer, Advisor and Treasurer of Student Activity Accounts
5. Verified that New York State Sales Tax was collected and remitted to New York State Department of Sales Tax
6. Verified the students prepared a profit and loss statement
7. Verified the receipt was for the club posted in the general ledger

FINDINGS

1. Deposited Timely

- a. A Middle School fundraiser for a concert had copies of the checks collected and some of the checks were dated almost one month prior to the deposit. The checks should be sent to the Internal Account Advisor at least once a week to prevent loss or theft of the cash and checks received for fundraisers and trips.
- b. A High School fundraiser for a holiday was deposited weeks after the date of the actual holiday. We recommend that the deposits be made more timely to prevent loss or theft of the cash and checks collected.

2. Supporting Documentation

Seven of the forty cash receipts had detailed supporting documentation. The remaining receipts only included the student activity receipt form. We recommend attaching documentation that shows how many items were sold and the total amount received.

3. Proper Approval

- a. One receipt was for a Trunk or Treat event in September. The total amount collected was divided between seven clubs. There were no approvals for Student Treasurers or Advisors
- b. We noted one receipt for a Band field trip did not have approvals for the Student Treasurer or Advisor.

4. Sales Tax Collection

The Middle School Ukulele Club sold chocolate and sales tax was not collected.

5. Profit and Loss Statements

We were only able to obtain six of the forty receipts that had profit and loss statements. Five of the receipts were donations and did not need to have the profit and loss statements.

6. Posted to Proper Club Activity

No exceptions were noted as a result of this procedure.

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 Warwick Valley 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 Warwick Valley 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
June 11, 2024