Warwick

WARWICK VALLEY CENTRAL SCHOOL DISTRICT

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November 18, 2019

New York State Education Department
Office of Audit Services
89 Washington Avenue, Room 524 EB
Albany, New York 12234

To Whom It May Concern:

Re: 2018-2019 Independent Internal Audit – Corrective Action Plan

I have attached the Management Letter from the Internal Auditors for the Warwick Valley Central School District – Cooper Arias, LLP. The following is the District's Corrective Action Plan to their findings:

PROCEDURES AND FINDINGS

Procedure 1

We interviewed the Assistant Superintendent for Business, the Treasurer and the Food Service Manager to understand the internal controls and District policies and procedures relating to the cafeteria collection for the High School and Middle School.

Background

The Middle School has three cashiers in the cafeteria and the High School has five cashiers in three different locations. The High School has three cashiers in the main cafeteria, one in the media area and one in the main lobby. The High School only has one period where all the students, faculty and staff can purchase and eat lunch. The additional areas were added throughout the school to accommodate all the students.

The students can purchase hot meals, drinks and/or ala cart items from these cashiers. The students are assigned a PIN number that can be used for students receiving free or reduced meals or students with prepaid amounts on their accounts. The students can also purchase using cash. Some students bring cash or checks to be put on their account instead of prepaying using the online school meal service.

Students may purchase items from the vending machines as well. Some of the vending machines accept cash and also have keypads where the student can enter their PIN.

Procedure 2

We observed the collection of the lunch payments in the Middle School and High School cafeterias to understand the procedures and process that the cashiers used while handling the point of sale register.

Findings 2

Each register has a startup bag of a certain amount of money that is retrieved from the safe. The cashiers are each assigned their own bag and are responsible to have the correct amount of startup money. The startup money is counted at the end of the previous day when they closed the register and prepared the deposit. Two of the cashiers in the High School did not recount the money in the bag before putting it in the register drawer. Neither one of these cashiers had the correct amount of money that should have been collected during the lunch period. The shortages were both under two dollars. The beginning bank bag may have been incorrect, but since it was not counted prior to the sales, this could not be determined.

One cashier that was over left the amount over in the startup bag instead of including it with the amount of the deposit.

We also observed a cashier counting the money from the register and then left the money bag and the unsealed deposit bag on the counter while she restocked the vending machines. The deposit bag was sealed after the cashier returned to the main kitchen. The area is open and students were in the area. The bags should be secured while restocking the vending machines.

We observed that in the Middle School the cash bags were taken out of the safe and left in the kitchen area before the cashiers arrived for their shifts. The supervisor advised the employees that the cash bags should remain in the safe until the cashiers are physically present. One of the registers did not balance at the end of the day and was off $1 .00.

We recommend the following:

1. The cash bags should remain in the safe until the cashiers are ready to begin the lunch collection.
2. The cash should be counted prior to putting the cash in the register.
3. The cash should be counted at the end, and any difference should be included in the bag and noted on the deposit bag.
4. The cash bags and deposit bags should be secured and placed in the safe as soon as possible after the registers are closed.

Response

The District agrees with the recommendations. The District issued a memo to all cashiers outlining the recommended procedure above. Management will also be observing cashiers to make sure they are following these procedures.

Procedure 3

We reviewed the reconciliation prepared by the District.

Findings 3

No exceptions were noted as a result of this procedure.

Procedure 4

We inquired about the procedures for restocking the vending machines and the collection of the money.

Findings 4

The vending machines are filled as needed and they do not track the inventory that is added each time to the vending machines. There is no record of the inventory that is disposed of either. They are not aware of any report or counter in the actual vending machine to determine how much was sold and actually collected.

The Cafeteria Director and Assistant collect the funds together weekly. They have a vending log for the snacks, coffee and drinks.

The Cafeteria cannot determine whether the total amount of cash collected is accurate compared to the total amount of goods that were put into the machines.

We recommend that the cafeteria consider tracking the total amount of inventory put in the vending machines and compare to the amount of money and credits for the vending machines.

Response:

The District has set up inventory controls for our vending. All product is now purchased on a separate invoice and is not included with other cafeteria food products. We will keep logs on the product that is put into vending machines and maintain a monthly inventory of all product. The inventory is also stored separately to make it easier to inventory.

We have set up a separate vending revenue account to keep the vending sales separate from other food sales. In addition, we will log all sales on a monthly basis. Inventory sales will be tracked and compared to ensure proper inventory controls and profit.

Sincerely,

Timothy Holmes

Cooper Arias, LLP
Accounting & Accountability

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, which were agreed to by the Board of Education of the Warwick Valley Central School District, solely to assist you with understanding the internal controls over the cafeteria collection for the High School and Middle School of Warwick Valley Central School District for the year ended June 30, 2019. The Warwick Valley Central School District's management is responsible for the controls over these internal controls for the District. The sufficiency of the procedures is solely the responsibility of the specified users of the report. 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.

Our procedures and findings are as follows:

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with prepaid amounts on their accounts. The students can also purchase using cash. Some students bring cash or checks to be put on their account instead of prepaying using the online school meal service.

Students may purchase items from the vending machines as well. Some of the vending machines accept cash and also have keypads where the student can enter their PIN.

Procedure 2

We observed the collection of the lunch in the Middle School and High School cafeterias to understand the procedures and process that the cashiers used while handling the point of sale register.

Findings 2

Each register has a startup bag of a certain amount of money that is retrieved from the safe. The cashiers are each assigned their own bag and are responsible to have the correct amount of startup money. The startup money is counted at the end of the previous day when they closed the register and prepared the deposit. Two of the cashiers in the High School did not recount the money in the bag before putting it in the register drawer. Neither one of these cashiers had the correct amount of money that should have been collected during the lunch period. The shortages were both under two dollars. The beginning bank bag may have been incorrect, but since it was not counted prior to the sales, this could not be determined.

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We recommend the following:

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Procedure 3

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Findings 3

No exceptions were noted as a result of this procedure.

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We inquired about the procedures for restocking the vending machines and the collection of the money.

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We recommend that the cafeteria consider tracking the total amount of inventory put in the vending machines and compare to the amount of money and credits for the vending machines.

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. 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 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
October 8, 2019