

## **ANNUAL RISK ASSESSMENT UPDATE**

We have performed an audit risk assessment update for the Monticello Central School District for the period January 1, 2024 to December 31, 2024 with the Office of the New York State Comptroller and New York State Education Department's Chapter 263 Laws set forth in 2005. A risk assessment is a systematic approach for identifying and controlling risk. Risks can be presented from both internal and external factors which threaten the achievements of the District's mission, goals and objectives.

Internal control can be defined as the integration of activities, plans, policies and procedures performed by the efforts of the people of an organization working together to provide reasonable assurance that the organization will achieve its mission, goals and objectives.

As the District's Internal Auditor, our primary responsibility is to assist the Board of Education in ensuring that the District's risks are identified, and to provide the Board and Management with continuous assessment of risk to ensure that proper internal controls are in place and functioning effectively in order to mitigate risks.

Our risk assessment includes an analysis of the District's major functions, processes and controls. The process measures the financial, compliance, and operational risks associated with each identified control. Our risk assessment update includes a current year risk determination and a follow-up on previous internal and external audit findings.

The following control cycles included in the risk assessment were identified based on guidance from the New York State Education Department:

### **I. GOVERNANCE & PLANNING**

- Governance & Control Environment
- Strategic Planning, Budget Development & Budget Administration

### **II. ACCOUNTING & REPORTING**

- Assessing Financial Condition
- Financial Accounting & Reporting
- Auditing
- State Aid & Grants

### **III. REVENUE & CASH MANAGEMENT**

- Cash Receipts & Revenue
- Cash Management & Investments
- Petty Cash

#### **IV. PURCHASING & EXPENDITURES**

- Purchasing
- Accounts Payable & Cash Disbursements
- Payroll & Personnel
- Travel & Conferences

#### **V. FACILITIES & EQUIPMENT**

- Facilities Maintenance
- Facilities Construction
- Inventory Controls

#### **VI. STUDENT SERVICES**

- Student Transportation
- Food Service
- Extraclassroom Activity Fund

#### **VII. STUDENT RELATED DATA**

- Attendance
- Reliability of Student Performance Data

Our approach to understanding the controls of the District included meeting with appropriate personnel for each respective audit area and discussing and understanding the processes and procedures. In addition, when necessary, we performed walk-throughs of transaction cycles and tests of transactions.

After compiling this information, any deficiencies in internal controls were documented and mitigating procedures were suggested to the District.

Based on our evaluation of the above mentioned areas, we have assessed each control cycle with a level of both inherent and control risk. Risk can be assessed at high, medium or low levels.

**Inherent risk** is the likelihood of a misstatement not being detected without consideration of established controls. By their distinctive nature alone, it is typical that many of the District's processes have high inherent risk.

**Control risk** is the risk that a misstatement will not be detected or prevented by the District's internal controls on a timely basis. It also measures the adequacy of the District's internal controls.

A summary of the assessed risks can be found in the Risk Assessment Table followed by The Risk Assessment & Updates Report, which have been attached herewith, and are presented in the following pages.

Not all risks are equal. Some are more likely to occur than others, and some will have a greater impact than others if they occur. Once risks are identified, their probability and significance must be assessed. Upon identifying and assessing risk, the District must decide on how to deal with it. Based on a cost/benefit analysis, in some cases, the decision may be to control it; in others, it may be to accept it.

These reports are intended solely for the information and use of the Board of Education and management of the Monticello Central School District and should not be used by anyone other than the specified parties.

*Waschitz Pawloff CPA LLP*

Monticello, New York

February 17, 2025

**MONTICELLO CENTRAL SCHOOL DISTRICT  
RISK ASSESSMENT TABLE  
DECEMBER 31, 2024**

Business Process	RISK		Detailed Testing Performed in 2024	Proposed Detailed Testing in 2025
	Inherent	Control		
<b>GOVERNANCE &amp; PLANNING</b>				
Governance & Control Environment	High	Medium	✓	✓
Strategic Planning, Budget Development & Budget Administration	High	Low	✓	
<b>ACCOUNTING &amp; REPORTING</b>				
Assessing Financial Condition	High	Medium		✓
Financial Accounting & Reporting	High	Medium	✓	
Auditing	Medium	Low		✓
State Aid & Grants	High	Medium	✓	
<b>REVENUE &amp; CASH MANAGEMENT</b>				
Cash Receipts & Revenue	High	Medium		✓
Cash Management & Investments	High	Medium		✓
Petty Cash	High	Medium		
<b>PURCHASING &amp; EXPENDITURES</b>				
Purchasing	High	Medium	✓	
Accounts Payable & Cash Disbursements	High	Medium		✓
Payroll & Personnel	High	High	✓	✓
Travel & Conferences	High	Medium		
<b>FACILITIES &amp; EQUIPMENT</b>				
Facilities Maintenance	High	Medium		✓
Facilities Construction	Medium	Medium	✓	✓
Inventory Controls	High	Medium		✓
<b>STUDENT SERVICES</b>				
Student Transportation	High	Medium	✓	
Food Service	High	Medium		✓
Extraclassroom Activity Fund	High	High	✓	✓
<b>STUDENT RELATED DATA</b>				
Attendance	High	Medium	✓	
Reliability of Student Performance Data	High	Medium		✓

**MONTICELLO CENTRAL SCHOOL DISTRICT  
RISK ASSESSMENT & UPDATES  
SCHEDULE OF CURRENT YEAR FINDINGS  
FOR THE PERIOD JANUARY 1, 2024 TO DECEMBER 31, 2024**

<b>RISK ASSESSMENT AREA</b>	<b>DESCRIPTION</b>	<b>RECOMMENDATION</b>
Governance and Control Environment	• (2024) No Risks Identified	
Strategic Planning, Budget Development & Budget Administration	• (2024) No Risks Identified	
Assessing Financial Condition	• (2024) No Risks Identified	
Financial Accounting & Reporting	• (2024) No Risks Identified	
Auditing	• (2024) No New Risks Identified – See Prior Year Finding on Page 3.	
State Aid & Grants	• (2024) No Risks Identified	
Cash Receipts & Revenue	• (2024) No New Risks Identified – See Prior Year Finding on Page 3.	
Cash Management & Investments	• (2024) No Risks Identified	
Petty Cash	• (2024) No Risks Identified	
Purchasing	• (2024) No Risks Identified	
Accounts Payable & Cash Disbursements	• (2024) No Risks Identified	
Payroll & Personnel	• (2024) No Risks Identified	
Travel & Conferences	• (2024) No Risks Identified	
Facilities Maintenance	• (2024) No Risks Identified	
Facilities Construction	• (2024) No Risks Identified	
Inventory Controls	• (2024) No Risks Identified	
Student Transportation	• (2024) No Risks Identified	
Food Service	• (2024) No Risks Identified	

**MONTICELLO CENTRAL SCHOOL DISTRICT  
RISK ASSESSMENT & UPDATES  
SCHEDULE OF CURRENT YEAR FINDINGS  
FOR THE PERIOD JANUARY 1, 2024 TO DECEMBER 31, 2024**

<b>RISK ASSESSMENT AREA</b>	<b>DESCRIPTION</b>	<b>RECOMMENDATION</b>
Extra Classroom Activity Fund	<ul style="list-style-type: none"> <li>(2024) During our visit several fundraisers did not have a profit and loss statement prepared.</li> </ul>	<ul style="list-style-type: none"> <li>We recommend that the Central Treasurer verify a profit and loss statement is prepared for all fundraisers.</li> </ul>
	<ul style="list-style-type: none"> <li>(2024) During our visit one receipt was missing the student officer sign off.</li> </ul>	<ul style="list-style-type: none"> <li>We recommend that the Central Treasurer verify that they have all required sign offs.</li> </ul>
	<ul style="list-style-type: none"> <li>See Prior Year Findings on Page 4</li> </ul>	
Attendance	<ul style="list-style-type: none"> <li>(2024) No Risks Identified</li> </ul>	
Reliability of Student Performance Data	<ul style="list-style-type: none"> <li>(2024) No Risks Identified</li> </ul>	

**MONTICELLO CENTRAL SCHOOL DISTRICT  
RISK ASSESSMENT & UPDATES  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE PERIOD JANUARY 1, 2022 TO DECEMBER 31, 2023**

<b>RISK ASSESSMENT AREA</b>	<b>DESCRIPTION</b>	<b>CURRENT STATUS</b>
Governance & Control Environment	<ul style="list-style-type: none"> <li>(2022 - 2023) No Risks Identified</li> </ul>	
Strategic Planning, Budget Development & Budget Administration	<ul style="list-style-type: none"> <li>(2022 - 2023) No Risks Identified</li> </ul>	
Assessing Financial Condition	<ul style="list-style-type: none"> <li>(2022 - 2023) No Risks Identified</li> </ul>	
Financial Accounting & Reporting	<ul style="list-style-type: none"> <li>(2022 - 2023) No Risks Identified</li> </ul>	
Auditing	<ul style="list-style-type: none"> <li>(2022) The District's unassigned fund balance is in excess of the amount permitted by New York State law.</li> </ul>	<ul style="list-style-type: none"> <li>Risk Item Still Outstanding.</li> </ul>
	<ul style="list-style-type: none"> <li>(2023) The District omitted one of the distribution sites for its summer food service program when claiming for reimbursement from New York State.</li> </ul>	<ul style="list-style-type: none"> <li>Implemented - The District has a checklist in response to this finding.</li> </ul>
State Aid & Grants	<ul style="list-style-type: none"> <li>(2022 - 2023) No Risks Identified</li> </ul>	
Cash Receipts & Revenue	<ul style="list-style-type: none"> <li>(2022) The District does not have formal internal controls in place regarding student scholarships.</li> </ul>	<ul style="list-style-type: none"> <li>Implemented - The District has procedures in place regarding accepting, safeguarding and awarding scholarships.</li> </ul>
	<ul style="list-style-type: none"> <li>(2023) No Risks Identified</li> </ul>	
Cash Management & Investments	<ul style="list-style-type: none"> <li>(2022 - 2023) No Risks Identified</li> </ul>	
Petty Cash	<ul style="list-style-type: none"> <li>(2022 - 2023) No Risks Identified</li> </ul>	
Purchasing	<ul style="list-style-type: none"> <li>(2022 - 2023) No Risks Identified</li> </ul>	
Accounts Payable & Cash Disbursements	<ul style="list-style-type: none"> <li>(2022 - 2023) No Risks Identified</li> </ul>	
Payroll & Personnel	<ul style="list-style-type: none"> <li>(2022 - 2023) No Risks Identified</li> </ul>	

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RISK ASSESSMENT & UPDATES  
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<b>RISK ASSESSMENT AREA</b>	<b>DESCRIPTION</b>	<b>CURRENT STATUS</b>
Travel & Conferences	• (2022 - 2023) No Risks Identified	
Facilities Maintenance	• (2022 - 2023) No Risks Identified	
Facilities Construction	• (2022 - 2023) No Risks Identified	
Inventory Controls	• (2022 - 2023) No Risks Identified	
Student Transportation	• (2022 - 2023) No Risks Identified	
Food Service	• (2022 - 2023) No Risks Identified	
Extra Classroom Activity Fund	• (2022) The Central Treasurers do not maintain their own list of all club advisors and student elected officers.	• Implemented - The Central Treasurers maintain lists of all the club advisors and student elected officers.
	• (2023) During our visit the District did not maintain copies of deposit slips for three deposits that we tested.	• Implemented - The District maintain copies of deposit slips for all deposits made into the Extra Classroom Activity Fund.
	• (2023) During our review of the December 2023 bank reconciliation, it was noted that there was a deposit entered from November 2023 that had not cleared.	• Implemented - The Central Treasurers make deposits timely.
Attendance	• (2022 - 2023) No Risks Identified	
Reliability of Student Performance Data	• (2022 - 2023) No Risks Identified	