

DEPEW UNION FREE SCHOOL DISTRICT

FINANCIAL RISK ASSESSMENT

For The Year Ended June 30, 2018

Raymond F. Wager, CPA, P.C.
Certified Public Accountants

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Certified Public Accountants

June 18, 2018

To the Members of the Audit Committee
Depew Union Free School District, New York

We are pleased to report the completion of our engagement to assist the Depew Union Free School District Board of Education with evaluating the District's internal control structure and completion of a financial risk assessment in accordance with the Five Point Plan Legislation.

The objective of the financial risk assessment was to review the internal control structure that the District has in place to prevent errors, detect fraud and ensure that financial reporting is accurate and not misleading. In conducting the financial risk assessment we considered significant classes of assets and transactions. We interviewed key staff to obtain an understanding of the financial processes.

The procedures performed were as follows:

1. Through the use of flowcharts, narratives and questionnaires we have documented our understanding of the District's key financial internal controls over the following business office cycles:
 - a. Policies and procedures adopted by the Board
 - b. Procurement, bidding and cash disbursements, including the role of the internal claims auditor
 - c. Personnel and payroll processing
 - d. General ledger maintenance
 - e. Centralized and decentralized cash receipt procedures
 - f. Fixed asset accounting
 - g. Extraclassroom accounting

2. We reviewed the following District records:
 - a) Financial statements for years ended: June 30, 2016 and June 30, 2017.
 - b) Management letters for years ended: June 30, 2016 and June 30, 2017.
 - c) Current and prior year's budget.
 - d) Policy manuals.
 - e) Employee directory and organizational chart.
 - f) Board minutes.

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3. We interviewed the following individuals:
 - a) Business Administrator
 - b) Treasurer/ Accounts Payable
 - c) Sr. Account Clerk, Payroll
 - d) Payroll Clerk
 - e) Claims Auditor
 - f) District Clerk
 - g) Director of Facilities
 - h) Assistant Treasurer / Accounts Receivable
 - i) District Technology Coordinator
 - j) Athletic Director
 - k) School Lunch Manager
 - l) Transportation Supervisor
 - m) Central Treasurer
 - n) Special Education Director

4. We have prepared our risk assessment document (Attachment A) identifying internal control weaknesses, and the associated assessment of risk together with recommendations for improvements. The risk assessment rating (low, medium, high) was based on the following criteria:
 - a. Materiality of Potential Misstatement of Financial Statements
 - b. Opportunity for Personal Gain
 - c. Public Sensitivity/Trust

As noted, the purpose of our engagement was to assist you in improving the process by which you monitor and manage the risks that face your District. However, it is ultimately your responsibility to assess the adequacy of your risk management system.

We suggest the next step in the process would be to develop an internal audit plan utilizing the risk assessment document. The Plan should include selection of at least one high risk area for detailed testing and development of a corrective action plan addressing each of the findings listed in the risk assessment document.

In performing our engagement, we relied on the accuracy and reliability of information provided by District personnel. We have not audited, examined, or reviewed the information, and therefore, express no assurance on it. 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 Depew Union Free School District Board of Education and is not intended to be and should not be used by anyone other than those specified parties.

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We would like to express our appreciation to the District's staff for all the courtesies extended to us during the course of our engagement. If you have any questions regarding the above items, please do not hesitate to call.

Rochester, New York
June 18, 2018

Raymond F. Wager, CPA, PC