Cross Training of Business Office Functions

 Based on our conversation with District personnel, it appears that all business office functions have not been cross trained, although many of the key business function have been. Cross training is essential to ensuring all business operations continue uninterrupted in the case of a vacation or longer-term absence. We recommend the District continue its efforts to ensure staff are cross trained in all business office functions.

 Management Response: As a result of upcoming transfers and retirements a new cross training schedule will be implemented by the Assistant superintendent of Administrative services. The schedule will be set in July 2019, employees will spend 2 hours per month learning each other's jobs.

Policy and Governance

 In accordance with section 200.318 of the Uniform Guidance, the District "must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No Employee, officer or agent may participate in the selection, award or administration of a contact supported by a Federal award if he or she has a real or apparent conflict of interest." In addition, "the standards of conduct must provide for disciplinary actions to be applied for violations of such standards." We recommend that the District review their existing conflict of interest policies to ensure they comply with the Uniform Guidance.

Management Response: This policy was reviewed by the Policy Committee and changed at the last meeting in May of 2019.

STAC Processing

Senior Typist for the CSE Department completes and submits the annual verification form (AVL) to the State, which generates excess cost aid for the District. When completing the AVL, costs are updated for actual services provided. CSE office double checks student names on the AVL to internal records and Agency and BOCES bills to ensure the AVL includes all students and all services provided to the students, but there is no secondary review of the internal cost calculations submitted on the AVL. While the District has retained a consultant to review the STAC process, this review does not include a detailed review of all student cost calculations. We recommend the Director of Special Education perform a detailed review of all student cost calculations performed by the Senior Typist to ensure accuracy of these calculations prior to the submission of the AVLs to the State.

Management Response: Effective immediately the Director of Special education will review all Claims prior to submission, comparing each claim to the costs of services rendered.

The District has retained a consultant to review the STAC process. The consultant communicates directly with the Director of Special Education and/or the Assistant Superintendent for Administrative Services regarding any errors, irregularities or improvements that can made to the process. We recommend the District consider requesting a formal report from the consultant of the scope of their review and any findings or recommendations that have been communicated as a result of their review.

Management Response: The Assist Supt for Administrative services will look into the possibility of requesting a formal report for the next review period and if it is cost effective will request such a report.

Decentralized Cash Receipts

Cash is collected for admissions to athletic events. There is no reconciliation of tickets sold to the amount collected and deposited. We recommend the Athletics Department perform a reconciliation of the tickets sold to the amount collected and deposited and provide a copy of this report to the business office with the bank receipt.

Management Response: The Assistant Supt for Administrative service will work with the policies and procedures committee to draft a procedure for cash receipts reconciliation and will train the athletics ticket takers for the upcoming school year.

The District recently started a community education program.

The District must monitor the profitability of the program on a continuous basis to ensure taxpayer funds are not used to support the program. This would include all costs to administer the program. Article 8, Section 1 of the New York State Constitution prohibits the use of public funds for the benefit of private groups or individuals.

Management Response: The Assistant Superintendent for Administrative Services along with the Superintendent will monitor the cost of the program.

Internal Claims Auditor

The Claims Auditor does not review voucher packets for inclusion of appropriate bids or quotes in accordance with the District's internal audit checklist. We recommend that the internal claims auditor understand the purchasing policy of the District and ensure all documentation supports the purchase and the internal audit is performed is in accordance with the Districts internal practices.

Management Response: The Purchasing clerk will submit the back-up quotes and other supporting documentation information along with the claim forms with the packet to the claims auditor so that she can ensure the purchasing policy is being followed.

Human Resources

The Benefits Administrator/Personnel Secretary is responsible for calculating the employee benefit deductions and entering the deductions into the deduction tables in nVision. There is no secondary review of the annual updates to the benefit deduction tables in nVision. We recommend someone other than the Benefits Administrator/Personnel Secretary review the calculation annual benefit deductions and the amounts entered in the benefit deduction tables for accuracy.

Management Response: The Payroll clerk will provide annual deduction reports in July or as soon as possible. The Assistant Superintendent for Administrative Services or her designee will double check the calculations for deductions for each group after they have been entered into nVision, based on the reports provided.

Wire Transfers

District wire transactions are not performed on a dedicate computer without e-mail and web browsing capabilities. We recommend the District assign one dedicated computer solely for transacting wire transfers in an effort to increase security over District banking transactions.

Management Response: We have not any issues with wire transfers. There is a secure process by where a special code is sent to a fob for each wire and ACH transaction. At this time we do not believe this requires a separate system.

Computer System Controls

The District currently does not perform risk assessments over the information technology infrastructure. Nor does the District have a written disaster recovery plan, change management plan or formal response in the event of an incident / breach. We recommend that the Board consider initiating a thorough review of current information technology internal control procedures and policies and evaluate the need for changes or improvements to enhance the effectiveness and efficiency of current operations.

Management Response: The District has just hired a Director of Technology and Data. The Director will be charged with working with our managed service department to codify the emergency and disaster recovery pan.

The District currently does not have a comprehensive cybersecurity program with a formal technology vulnerability management and penetration testing process to protect itself from cybersecurity threats. New vulnerabilities and new attacker exploits occur almost daily, thus the District could be susceptible to attack which could cause significant disruption or loss of sensitive and valuable data. In addition, it can be difficult for IT departments to keep systems current on frequent security upgrades released by hardware and software vendors. We recommend the District implement a formal cybersecurity testing program to help ensure the proper security layers and controls are in place. We recommend performing periodic cybersecurity risk assessments internal and external vulnerability and penetration testing. This

should be performed at least annually or whenever a significant change is made to the IT environment, so that identified potential vulnerabilities can be monitored and the security of your network can be improved, reducing the District's risk exposures from being compromised.

Management Response: The District purchase their cyber security through Erie 1 BOCES. We also pay Erie 1 BOCES and Utica Mutual for Cyber security insurance. The new Director of Technology and Data will work closely with the Erie 1 BOCES managed service team to codify the testing system used by BOCES so that we have a better understanding of their testing process and how it impacts our cyber security. This will be included in the Disaster and Recovery Plan.

Fixed Assets

Physical inventories of fixed assets other than computers are not performed on a regular basis. The last physical inventory of these assets was performed in December 2016. We recommend the District perform a physical inventory of a random number of assets on an annual basis.

Management Response: The cost of a full physical inventory is excessive and not required at this time. This will be done on a five year cycle. The inventory control clerk has been issuing tags and recording inventory based on policy and procedure.   A random sample of physical assets will

RISK ASSESSMENT AND INTERNAL AUDIT PLAN

The following are other risks that have been identified in previous risk assessments where the District has determined the risk to be very low or has reviewed the risk and has determined the District does not currently have the resources available to address the situation. Thus, the District has accepted the identified risks at this time:

There is a lack of segregation of duties in the human resource and payroll processing modules of NVision as both the Personnel Clerk and Payroll Clerk have the ability to add employees in NVision.

There is a lack of segregation of duties over retiree health insurance billing and receipts. The Benefits Administrator prepares the retiree health insurance bills, receives the payments, follows up with the retirees on any unpaid amounts and maintains the health insurance spreadsheet.

Accounting periods can only be re-opened by the Treasurer but with prior approval from the Assistant Superintendent for Administrative Services. The Treasurer verbally communicates her request but the ability to freely reopen exists. Further, there is no monitoring of periods reopened.

Access to server closets are not adequately controlled. The IT Director, BOCES technician (on site), LAN Administrator, custodians and Principals (with building master key) all have access to the server rooms.