



Copiague Union Free School District

Risk Assessment Update Report

for the Period Ending

June 30, 2020

**Copiague Union Free School District
Risk Assessment Update Report
For the Period Ending June 30, 2020**

TABLE OF CONTENTS

	<u>Page</u>
Risk Assessment Letter	
Executive Summary	1 – 2
Moderate Risk Items	3
Low Risk Items	4 – 10
Appendix A - Assessment of Risk and Testing Plan	

Board of Education
Copiague Union Free School District
2650 Great Neck Road
Copiague, NY 11726

We have completed our risk assessment update of the Copiague Union Free School District (the "District") for the period ending June 30, 2020. The objectives of the engagement were to assist the Board of Education (the "Board") in ensuring that the District's risks are identified and that appropriate internal controls are in place to mitigate those risks.

In connection with the development of the risk assessment, we have performed the following procedures:

- Gained an understanding of the internal controls for the following key business processes:
 - Governance and Planning
 - Accounting and Reporting
 - Cash Receipts
 - Cash Management
 - Revenue and Billings
 - Grants
 - Payroll
 - Human Resources
 - Benefits
 - Purchasing and Related Expenditures
 - Facilities and Capital Projects
 - Capital Assets
 - Food Service Operations
 - Extraclassroom Activity Fund
 - Information Technology
 - Student Related Data and Services
 - Transportation Services
 - Student Services

- Identified the risks that could inhibit the District in achieving its goals;

- Identified the internal controls that the District has in place that are designated to mitigate identified risks; and
- Identified key areas where the District can strengthen existing internal controls and/or create additional internal controls.

The results of our procedures are presented on the following pages.

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.

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 express no assurance on it.

We would like to acknowledge the courtesy and assistance extended to us by personnel of the District. We are available to discuss this report with the Board or others within the District as your convenience.

This report is intended solely for the information and use of the Board, the Audit Committee and the management of the District and is not intended to be and should not be used by anyone other than those specified parties.

Very truly yours,

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
June 30, 2020

Copiague Union Free School District
Risk Assessment Update Report
For the Fiscal Year Ending June 30, 2020

Executive Summary

This report serves to address the second requirement of Chapter 263 of the laws of New York, 2005, which requires all school districts to establish an internal audit function. The internal audit function requirement includes the engagement of a qualified audit firm or individual to make an initial assessment of risk surrounding the design of the District's internal controls, annual updates of the initial risk assessment and testing of these controls on a periodic basis for operational effectiveness.

This risk assessment update is intended to provide management with information to enhance and strengthen the District's controls and to reduce the District's risk relating to its financial processing and reporting operations.

We determined the status for the current year's risk assessment update through various methods, including inquiry of appropriate District personnel involved in these processes, observation of the controls in place, results of internal control questionnaires related to the various business units and testing the controls where necessary to determine if they have been put in place and are functioning as intended.

Additionally, we have reviewed the results of the reports issued by our firm during the prior year, including reports on cash receipts and facilities and capital projects to determine if relevant controls have been put in place based on those reports.

The risk assessment requires an internal auditor to obtain an understanding of the risks associated with the various business processes within the District. This requirement involved two categories of risk as follows:

- **Inherent Risk** - the risk associated with the nature and type of transactions processed due to complexity, materiality and quantity of the transactions.
- **Control Risk** - the risk that the internal control system is not adequately designed to prevent or detect errors or irregularities on a timely basis that could be material individually or when aggregated with misstatement in other balances or account classes.

The risk areas have been identified and appropriate risk levels have been determined. The risk levels are defined as follows:

- **High Risk** - these are areas identified as posing the greatest potential risk for the school district and which carry the highest priority. Any outstanding items will be carried over and re-evaluated in the following year's risk assessment.
- **Moderate Risk** - these are areas identified as to be of second level priority and will be addressed after the high-risk items are completed. Any outstanding items will be carried over and re-evaluated in the following year's risk assessment.
- **Low Risk** - these areas are considered lowest priority and will be addressed after the

Copiague Union Free School District
Risk Assessment Update Report
For the Fiscal Year Ending June 30, 2020
high and moderate risk items are completed.

We have summarized our assessment of inherent risk and control risk for the current and prior year, as well as our testing plan, in our *Assessment of Risk and Testing Plan* (See Appendix A).

Process Review Summary and Proposed Business Processes

The following represents the business processes where we have provided internal audit services and the business processes we are proposing for period ending June 30, 2021:

Extensive System Reviews:

- 2019 – 2020: Grants and Benefits
- 2018 – 2019: Payroll Processing and Human Resources
- 2017 – 2018: Cash Receipts Processes and Capital Projects
- 2016 – 2017: Information Technology and Food Service Operations
- 2015 – 2016: Cash Management and Procurement and Claims Processing
- 2014 – 2015: Capital Assets and Extraclassroom Activity Fund
- 2013 – 2014: Human Resources and Payroll
- 2012 – 2013: System to Track and Account for Children (STAC) and Student Related Data Services
- 2011 – 2012: Transportation Services and Information Technology
- 2010 – 2011: Food Service Operations and Extraclassroom Activity Fund
- 2009 – 2010: Grants and Information Technology
- 2008 – 2009: Cash Receipt and Capital Assets
- 2007 – 2008: Personnel and Payroll Processing and Procurement and Claims Processing

Extensive Systems Proposed:

- 2020 – 2021: STAC and Medicaid, and Fund Balance Management and Reserves

Current Year Review

Moderate Risk Items

INFORMATION TECHNOLOGY

FINANCIAL APPLICATION SECURITY

Control Risk Level: Moderate (M)

Reason for Risk Level: We have assessed the level of control risk as moderate for the District's financial application security processes based on the following reasons:

- The accounting information system ("*nVision*") system administrator is not notified by the human resources department when employees separate from the District. The system administrator is notified of separations via the Board agendas.
- *nVision* passwords are not held to complexity requirements, and the minimum password length is six characters. The minimum password length as recommended by the Office of the State Comptroller is eight characters.

We also noted the following controls which, while functioning effectively, do not justify a control risk lower than moderate, as we considered the entire control environment in making our assessment.

- The Assistant Superintendent for Finance and Operations, and the Assistant Business Administrator are the administrators for the *nVision*. An annual review of the audit trail reports for these users is conducted by the internal auditor.
- The District's accounting information system is only accessible by password, which is required to be changed every 90 days.

Low Risk Items

FOOD SERVICE OPERATIONS

FEDERAL AND STATE REIMBURSEMENT

Control Risk Level: **Low (L)**

Reason for Risk Level: We have assessed the level of control risk for the federal and state reimbursement as low based on the following reasons:

- Federal and state reimbursements are submitted utilizing the New York Child Nutrition website, which alerts the District if the number of meals is inconsistent, allowing for timing corrections.
- The District utilizes a comprehensive Point of Sale (POS) system called *Titan School Solutions* within the school lunch operations that calculates the monthly reimbursement based on the number of meals served, and highlights any potential discrepancies.
- The District's food service program operates based on community eligibility, and as a result all students qualify for one free reimbursable breakfast and lunch per day.

SALES CYCLE

Control Risk Level: **Low (L)**

Reason for Risk Level: We have assessed the level of control risk for the sales cycle as low based on the following reasons:

- The District has adopted policy No. 8520, *Free and Reduced Price Food Services*, which sets forth the conditions that must be followed for the District to maintain participation in the National School Lunch Program.
- The District has adopted legally required policy No. 8505, *Meal Charge Policy*, which outlines the procedures that are to be followed regarding students who forget their money or do not have sufficient funds in their meal accounts.
- The District has adopted policy No. 5415, *School Wellness*, as required by Public Law 108-265 §204.
- Deposits are performed on a daily basis, and in the event that a deposit cannot be made, cash receipts are stored in a secure location until the next business day.
- The District's POS system that is in place does not provide the cashier with the cash balance that should be in the system; rather it is a "blind" system so the cashier has to input the total cash in the drawer before being provided with the overage or shortage amount, if any.

- After the cashier performs a count of the register at the end of the day, the drawer is recounted by either the manager or assistant manager.
- The Director of Cafeteria Services performs one surprise register count per cashier each year.

INVENTORY AND PURCHASING

Control Risk Level: **Low (L)**

Reason for Risk Level: We have assessed the level of control risk for the inventory and purchasing processes as low based on the following reasons:

- Inventory counts for the food service program are performed on a monthly basis, and additional spot checks are performed on the government commodities to ensure accuracy.
- Based on the results of the monthly inventory and the needs of the food service operations, the District is able to properly plan and purchase the required level of stock to maintain the food service operations of the District.
- The lead cook manager and administrative assistant for the food service program are responsible for purchasing for the food service program, and all purchases are also approved by the Director of Cafeteria Services.

VENDING MACHINES

Control Risk Level: **Low (L)**

Reason for Risk Level: We have assessed the level of control risk for the vending machine as low based on the following reasons:

- Two individuals are responsible for collecting and counting the money from the District's vending machines.
- The District monitors the meter readings for sales quantity information for the District's vending machines.

INFORMATION TECHNOLOGY

GOVERNANCE

Control Risk Level: **Low (L)**

Reason for Risk Level: We have assessed the level of control risk as low for the District's information technology governance processes based on the following reasons:

- The District has adopted policy No. 8635, *Information Security Breach and Notification*, as required by State Technology Law §208.
- The District has adopted policy No. 4527, *Computer Network and Internet*, related to system administration, system access, procedures for proper use, and prohibitions on use. The policy addresses who will have access, and designates the Director of Technology as the individual responsible for overseeing the District's computer network.
- The District has adopted policy No. 4528, *Internet Safety Policy*, which addresses the measures the District will take relating to internet safety.
- The District has a comprehensive District Technology Plan in place.

NETWORK SECURITY

Control Risk Level: **Low (L)**

Reason for Risk Level: We have assessed the level of control risk as low for the District's network security processes based on the following reasons:

- The District requires network passwords to be changed periodically to reduce the risks involved with unauthorized access.
- The District's network passwords are required to be a minimum of eight characters, and are held to complexity requirements.
- The District's network is protected with various security software suites, filters and firewalls to protect the network from viruses and unauthorized use, and is updated regularly.
- The District allows certain employees to access the District's network via a Virtual Private Network ("VPN"). VPN access is granted by the technology department on an as needed basis.
- Access to the District's server rooms is limited to authorized personnel via security key cards.

We also noted the following, which do not justify a control risk higher than low, as we considered the entire control environment in making our assessment.

- The District does not have a lockout policy in place which would lock a user out of their network account after a specified number of failed login attempts.

- The District maintains a master list of network passwords. Although the list is encrypted, and accessible only to authorized personnel, we recommend that a master list of passwords not be maintained.

DISASTER RECOVERY

Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the level of control risk as low for the District's disaster recovery processes based on the following reasons:

- The District adopted a *Disaster Recovery Plan* that details a comprehensive set of procedures to follow in the event of a disaster, including strategies for restoring "mission critical" systems, such as the accounting information system.
- The District performs daily backups of all District servers which are stored both locally and offsite via a cloud hosted backup service.
- Backup logs are reviewed by the systems administrator on a daily basis to ensure backups are completed successfully.
- Uninterrupted power supplies are installed at the network operating center ("NOC") to protect the District's network against power disruptions, and the NOC is climate controlled.

PERMISSIONS

Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's information technology permissions as low based on the following reasons:

- Based on our review of a sample of user permissions in the accounting information system, we did not identify any conflicting user permissions, or user permissions that are not consistent with the employee's responsibilities.

We also noted the District does not have any procedures for approval of user permissions for the accounting information system to be documented. This alone does not justify a control risk higher than low, as we considered the entire control environment in making our assessment.

STUDENT RELATED DATA AND SERVICES

STUDENT ATTENDANCE

Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the level of control risk at low for the District's student attendance process based on the following reasons:

- The District has adopted policy No. 5100, *Comprehensive Attendance Policy*, which addresses the requirements outlined by the Commissioners Regulations.
- The District has procedures in place for taking student attendance at each of the District locations.
- The District maintains a record of each pupil's presence, absence, tardiness, and early departure in a register of attendance.
- District codes are in place to properly identify the reason for absence, tardiness, or early departure, and the District's attendance policy distinguishes between excused and unexcused absences, tardiness and early departures.
- An electronic system (*eSchool Data*) is in place at the District to collect, calculate, summarize and report attendance data.
- The District's student attendance reports are reviewed by more than one employee to verify accuracy and timely completion.

STUDENT PERFORMANCE DATA

Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the level of control risk at low for the District's student performance data processes based on the following reasons:

- The District has assigned the Assistant Superintendent for Curriculum and Instruction and the Assistant Superintendent for Student Services the responsibility for the accumulation of data surrounding student dropouts, test scores, enrollment and cohorts.
- There are review procedures in place whereby student performance data is compared to prior years and similar schools to assess the reasonableness of the data prior to certification and submission to the State Education Department.
- District personnel reviews published data on the School Report Card and utilizes the School Report Card as a tool to improve student performance.
- The District has assigned appropriate personnel with the responsibility of ensuring that student performance data is secure, reliable and accurate.

- The District has adopted policy No. 5500, *Student Records*, in accordance with the Family Educational Rights and Privacy Act, which also addresses student privacy in accordance with the No Child Left Behind Act.

STUDENT SECURITY AND SAFETY

Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the level of control risk as low for the District's student security and safety processes based on the following reasons:

- The District has formed a district-wide school safety task force that is responsible for overseeing the District's safety procedures to ensure that the District's students are educated in a safe environment by developing the District's safety plans.
- The District has adopted a comprehensive district-wide school safety and building level safety plan on crisis intervention and emergency response and management.
- The District's comprehensive public school safety program incorporates the basic components as required, which are building condition surveys, a five-year capital facilities plan and monitoring system procedures.
- The District has an emergency management plan as required by Commissioners Regulations §155.17.
- The District has adopted policy No. 8132, *Fire Drills*, which addresses the District's procedures for conducting fire drills during the school year.
- The District has adopted policy No. 0115.1, *Student Harassment and Bullying Prevention Intervention Policy*, as required by the Dignity for All Students Act.
- The District performs fire drills in accordance with Education Law 807 and 3623 and evacuation drills are performed in accordance with Commissioner's Regulation 155.17.

TRANSPORTATION SERVICES

STUDENT TRANSPORTATION

Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the level of control risk at low for the District's student transportation processes based on the following reasons:

- The District has adopted policy No. 8413, *Transportation for Nonpublic School Students*, which addresses the criteria for providing transportation to students attending nonpublic schools.
- Per Board policy No. 8410, *Student Transportation*, the District has appointed the Assistant Superintendent for Finance and Operations as the designee responsible for

administering the transportation program. The day to day operations of the District's transportation program are overseen by the Transportation Coordinator, who is supervised by the Assistant Superintendent for Finance and Operations.

- The District contracted with Transpiration Advisory Services during the 2019-20 fiscal year to perform a review of the District's transportation program for operating effectiveness.
- The District has adopted policy No. 8410, *Student Transportation*, which addresses the major objectives and framework of the District's transportation program, and policy No. 8411, *School Bus Scheduling and Routing*, which describes the criteria used to evaluate eligibility for District provided transportation.

TRANSPORTATION CONTRACTS

Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the level of control risk for the District's transportation contracted services compliance as low based on the following reasons:

- We noted transportation services contracts were determined by request for proposals and were approved by the Commissioner of Education.
- The transportation contract includes a clause that authorizes the Board to increase or decrease the level of service without altering the terms of the agreement.
- The District maintains relevant documentation surrounding contracts, contract extensions, bidding information, rider lists, mileage records and allocated expenses.

TRANSPORTATION STATE AID

Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the level of control risk for the District's transportations state aid compliance as low based on the following reasons:

- The Assistant Superintendent for Finance and Operations and the Assistant Business Administrator monitor the receipt of transportation aid. The Assistant Business Administrator reviews the Transportation Formula Aid Output report on an annual basis for accuracy.
- The Assistant Business Administrator and the principal account clerk perform reconciliations of transportation aid to ensure that the District receives the full amount of transportation aid to which it is entitled.
- The District refers to School Law when determining the eligibility of expenditures for transportation aid.

**Copiague Union Free School District
Assessment Of Risk and Testing Plan
For the Fiscal Year Ending June 30, 2020**

<i>Legend</i>	
✓	Extensive system process review completed
■	Extensive system process review proposed
•	Processes evaluated
P	Process subject to periodic duties
*	Updated control risk based on extensive system process review
H = High M = Moderate L = Low	

BUSINESS PROCESSES & SUBPROCESSES	<i>Inherent Risk</i>		<i>Control Risk</i>		<i>Audit Plan</i>		
	04/30/19	06/30/20	04/30/19	06/30/20	18-19	19-20	20-21
GOVERNANCE & PLANNING							
Governance and Control Environment	H	H	L	L	•		
Budget Development and Administration	H	H	L	L	•		■
Budget Transfers	H	H	L	L	•		■
ACCOUNTING & REPORTING							
Financial Accounting, Reporting and Oversight	M	M	L	L	•		
Auditing	M	M	L	L	•		
Fund Balance Management	H	H	L	L	•		■
Reserves and Fiscal Health	H	H	L	L	•		■
CASH RECEIPTS							
Collection and Posting of Receipts	H	H	L	L	P	P	P
CASH MANAGEMENT							
Cash and Investment Management	H	H	L	L	P	P	P
Wire Transfers and Banking Controls	H	H	L	L			
Bank Reconciliations/Treasurer Reports	H	H	L	L	P	P	P
Banking Security	H	H	L	L			
REVENUE & BILLINGS							
Tuition/Health Services	M	M	L	L			
GRANTS							
General Processing and Monitoring	M	H	L	M*		✓	
Allowable Costs and Compliance	H	H	L	L		✓	
PAYROLL							
Payroll Distribution	H	H	L	L	✓		
Payroll Accounting and Reporting	H	H	L	L	P ✓	P	P
Tax Filings and Reconciliation process	M	M	L	L	✓		
HUMAN RESOURCES							
Employment Requisition and Hiring	M	M	L	L	✓		
Employment Termination	M	M	L	L	✓		
Employee Attendance	H	H	L	L	✓		
Separation Payments	H	H	L	L	✓		
BENEFITS							
Eligibility and Benefit Calculations	M	H	L	L	•	✓	
Medical Benefits	M	H	L	L	•	✓	
Retiree Health Insurance	H	H	L	M*	•	✓	
Fringe Benefits	N/A	H	N/A	M*		✓	
PURCHASING & RELATED EXPENDITURES							
Purchasing Process and Purchase Order System	H	H	L	L			
Payment Processing	H	H	L	L			
Travel and Conferences	H	H	L	L			

**Copiague Union Free School District
Assessment Of Risk and Testing Plan
For the Fiscal Year Ending June 30, 2020**

APPENDIX A

Legend	
✓	Extensive system process review completed
■	Extensive system process review proposed
•	Processes evaluated
P	Process subject to periodic duties
*	Updated control risk based on extensive system process review
H = High M = Moderate L = Low	

BUSINESS PROCESSES & SUBPROCESSES	Inherent Risk		Control Risk		Audit Plan		
	04/30/19	06/30/20	04/30/19	06/30/20	18-19	19-20	20-21
FACILITIES & CAPITAL PROJECTS							
Facilities Maintenance	H	H	L	L			
Construction Planning and Monitoring	M	M	L	L			
Final Building Projects Reports	H	H	L	L			
CAPITAL ASSETS							
Acquisition, Disposal and Capitalization Policy	H	H	L	L	P	P	P
Inventory Tracking	H	H	L	L	P	P	P
FOOD SERVICE OPERATIONS							
Federal and State Reimbursement	H	H	L	L		•	
Sales Cycle	H	H	L	L		•	
Inventory and Purchasing	M	M	L	L		•	
Eligibility Verification	M	N/A	L	N/A			
Vending Machines	M	M	L	L		•	
EXTRA CLASSROOM ACTIVITY FUND							
General Controls	H	H	L	L			
Cash, Cash Receipts and Disbursements	H	H	L	L			
INFORMATION TECHNOLOGY							
Governance	M	M	L	L		•	
Network Security	H	H	L	L		•	
Financial Application Security	H	H	L	M		•	
Disaster Recovery	H	H	L	L		•	
Permissions	H	H	L	L		•	
STUDENT RELATED DATA & SERVICES							
Student Attendance	H	H	L	L		•	
Student Performance Data	M	M	L	L		•	
Student Security and Safety	H	H	L	L		•	
TRANSPORTATION SERVICES							
Student Transportation	H	H	L	L		•	
Transportation Contracts	L	L	L	L		•	
Transportation State Aid	H	H	L	L		•	
STUDENT SERVICES							
STAC	H	H	L	L			
Medicaid	H	H	L	L			