

Glen Cove City School District

Risk Assessment Update Report

June 17, 2020



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Risk Assessment Update Report

To the Board of Education and Audit Committee
Glen Cove City School District
Glen Cove, New York

We have performed the annual risk assessment update of the Glen Cove City School District (District) as required by Chapter 263 of the Laws of New York, 2005 and as per our agreement of July 1, 2019.

This engagement is in accordance with auditing standards generally accepted in the United States of America and the applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have also considered the guidelines promulgated by the New York State Education Department in connection with such risk assessments.

Specifically, we performed the following:

- Developed an understanding of the critical business processes of the District. These critical business processes included but were not limited to:
 - Governance and planning
 - Accounting and reporting
 - Revenue and cash management
 - Payroll
 - Human resources
 - Benefits
 - Purchasing and related expenditures
 - Grants and special education
 - Facilities and capital projects
 - Capital assets
 - Food Services
 - Extraclassroom activity fund
 - Information technology
 - Student related data and services
- Identified the key risks based on our understanding of these business processes.
- Identified the stated controls that are currently in place to address those risks.

These procedures were accomplished through interviewing District management and accounting and other departmental personnel to determine the flow of accounting information and controls placed in operation. The scope of our engagement did not include testing the operating effectiveness of such controls.

Our procedures were not designed to express an opinion on the internal controls of the District, and we do not express such an opinion. Additionally, because of inherent limitations of any internal control, errors or fraud may occur and not be prevented or detected by internal controls. Also, projections of an evaluation of the accounting system and controls to future periods are subject to the risk that procedures may become inadequate because of changed conditions.

We would like to express our appreciation for the cooperation and assistance that we received from the District's administration and other employees during our audit, especially the Business Office personnel.

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

Cullen & Danowski, LLP

June 17, 2020

GLEN COVE CITY SCHOOL DISTRICT

Introduction

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Chapter 263 of the Laws of New York, 2005 requires most districts to create an internal audit function. The creation of this function requires districts to engage either a qualified audit firm or individual to make an initial risk assessment of the design of the district's internal controls; annually update this assessment; and, periodically test these controls for operational effectiveness and efficiency. This report addresses the second requirement, which is an annual risk assessment update.

Internal controls are the checks and balances over the various processes or functions that comprise the operations of a district. One key element in any internal control system is the concept of **segregation of duties**. This concept ensures that one person cannot execute a transaction without at least one other individual checking his or her work. Of course, where segregation of duties is not feasible, the district can employ compensating controls.

Nevertheless, there are some important concepts that should be understood when reviewing internal controls.

These concepts are:

- An internal control system is designed to provide reasonable but not absolute assurance in safeguarding the assets of the district.
- The concept of reasonable assurance recognizes that the cost of the internal control should not exceed the benefits derived.
- There are inherent limitations that should be recognized in considering the potential effectiveness of any internal control system, e.g., errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. More importantly, it is **collusion** that poses the greatest threat to any internal control system. If two employees collude in order to circumvent the controls set up by the district, they could perpetrate a fraud.

The initial risk assessment required the internal auditor to obtain an understanding of both the inherent and control risks associated with the various functions within the District. The risk assessment update requires the internal auditor to identify the changes in procedures, policies, personnel, and systems that may have an impact on these risks and possibly alter the initial risk assessment's level of control risk.

Control risk measures the adequacy of internal controls designed to mitigate the inherent risk within the process. In this engagement, we have assessed the control risk based upon our interview process. The testing of the controls, which is performed during the detailed testwork, could support the lowering of the initial control risk assessment associated with individual processes and sub-functions.

We have organized this report into the following two sections:

The first section is a risk assessment table. In this table, we identify the processes or functions that we have reviewed. This table includes our assessment of the control risk associated with each process. There are two control risk columns to reflect the prior year risk assessment level and the current year risk assessment level based on the results of the risk assessment update as well as the detailed testwork performed for selected processes. **Since the testing of controls has not been done for all processes, it is important to note that this table should not be viewed as the final assessment of the District's control environment.** The Risk Assessment Table also includes our suggestions for processes to be tested during the coming year. However, the decision of which processes to review in detail is at the discretion of the Audit Committee.

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The second section of this report consists of any changes from the prior year risk assessment related to key policies, procedures and/or controls of the functions we reviewed. Also included in this section are any new recommendations and the status of any prior year recommendations (note that this text is in *italics*), for areas of potential improvement in the District’s internal controls or operations. The status of prior year recommendations from the following reports was addressed in this year’s risk assessment:

Report Type	Issue Date	Area(s)
Risk Assessment	April 3, 2019	District-wide
Agreed-Upon Procedures	December 6, 2018	Bank Reconciliations and Cash/Investments Management, Extraclassroom Activities and Transportation

The changes and recommendations have been considered in the assessment of the level of control risk. Some of the recommendations may require a reassignment of duties and/or an addition to District personnel. However, any enhancement of controls should be done after a careful cost-benefit analysis.

Corrective Action Plan

Commissioner of Education Regulation (CR) §170.12(e)(4) requires that a corrective action plan (CAP), approved by the Board of Education, must be filed within 90 days of issuance with the New York State Education Department (NYSED).

The District should submit the CAP along with the respective Internal Audit Report via the NYSED Portal.

GLEN COVE CITY SCHOOL DISTRICT

Risk Assessment Table

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(L=Low, M=Moderate, H=High)

Business Process Area	Date of Detailed Testing*	Control Risk		Proposed Detailed Testing
		Prior Year	Current Year	
Governance and Planning				
Governance & Control Environment		M	M	
Budget Development, Administration, and Fund Balance Management		M	M	
Accounting and Reporting				
Financial Accounting and Reporting		M	M	
Auditing		M	M	
Revenue and Cash Management				
Revenue Management		M	M	
Billings	12/05/16	M	L	
Collections and Posting of Receipts	12/05/16	M	M	
Cash and Investments Management	12/06/18	M	M	
Bank Reconciliations	12/06/18	M	L	
Payroll				
Payroll Accounting and Reporting	12/06/17	M	L	
Tax Filings and Reconciliations	12/06/17	M	L	
Payroll Distribution	12/06/17	M	L	
Human Resources				
Employment Recruitment and Hiring	12/06/17	M	M	
Employee Administration and Termination	12/06/17	M	M	
Employee Attendance		M	M	
Benefits				
Administration	12/05/16	M	M	✓
Payments and Cost Sharing	12/05/16	M	M	✓
Purchasing and Related Expenditures				
Purchasing System and Process	01/29/15	L	L	
Payment Process	01/29/15	L	L	
Credit Cards		M	M	
Grants and Special Education				
General Processing/Monitoring		M	M	
Special Education	03/10/16	L	L	
Facilities and Capital Projects				
Facilities Maintenance & Operations	03/10/16	M	L	
Capital Projects	03/10/16	L	L	

* Indicates the issuance date of an agreed-upon procedures (AUP) report related to that area.

**GLEN COVE CITY SCHOOL DISTRICT
Risk Assessment Table (Continued)**

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(L=Low, M=Moderate, H=High)

Business Process Area	Date of Detailed Testing*	Control Risk		Proposed Detailed Testing
		Prior Year	Current Year	
Capital Assets				
Acquisition and Disposal	12/18/19	M	M	
Maintenance and Inventories	12/18/19	M	M	
Food Service				
Sales Cycle and System	12/18/19	M	M	
Purchasing and Inventory	12/18/19	M	M	
Federal and State Reimbursements	12/18/19	M	M	
Free and Reduced Lunch	12/18/19	M	M	
Extracurricular Activity Fund				
General Controls and Administration	12/06/18	M	M	
Cash Receipts	12/06/18	M	M	
Cash Disbursements	12/06/18	M	M	
Information Technology				
Governance		M	M	
Network Security		M	M	
Financial Application Security		M	M	
Disaster Recovery		M	M	
Student Related Data and Services				
Student Attendance Data		M	M	
Student Performance Data		M	M	
Student Transportation	12/06/18		H	M
Student Safety and Security		M	M	

* Indicates the issuance date of an agreed-upon procedures (AUP) report related to that area.

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KEY CHANGES FROM THE PRIOR YEAR'S RISK ASSESSMENT RELATED TO POLICIES, PROCEDURES AND/OR CONTROLS

Governance and Planning

- The District continues to work with the New York State School Boards Association (NYSSBA) to review the Board policies by series. The goal is to complete this sizable initiative by the end of the 2021-22 year.

Accounting and Reporting

- The voters approved a new Capital Reserve and the District also set up the new Teachers' Retirement System (TRS) sub-reserve fund. The District began funding these reserves during the 2019-20 year and the balance in the Capital Reserve is \$2,585,726 and the TRS sub-reserve is \$688,542, as of December 31, 2019.
- The District has completed the recent requirements as per the New York state approved plan related to the Every Student Succeeds Act (ESSA).

Payroll

- The District has installed a biometric time management system (e.g., Timepiece) that is a component of the nVision financial system. The installation of this system will strengthen internal controls and enhance operational efficiencies related to recording, tracking and reporting employees' time.
- The security staff and nurses are now included within the UPSEU (United Public Service Employees Union) and teachers' bargaining units, respectively, which includes the earnings for these employees.
- The District has added an employee portal that is a web-based program to provide the staff with online access to their direct deposit information that has eliminated the need for the Payroll Department to send these hard copy records to the full-time employees.

Grants and Special Education

- The Special Education Department has filled a vacancy, due to the resignation of a Clerk Typist, with a Senior Account Clerk. This change in title has been positive because the new employee has accounting skills and has been assigned the financially related tasks (e.g., purchasing, vendor invoices, budget monitoring, etc.).

Facilities and Capital Projects

- The Facilities Department added 2 full-time cleaners to work during the evenings as floaters who are not assigned to a designated building. This has facilitated the coverage of absences and reduced overtime costs.

Food Service

- The food service program was approved by the state for the Community Eligibility Provision (CEP) program that provides free meals for all students in the elementary schools that started in this 2019-20 school year.
- The students meeting the eligibility requirements for reduced price status are no longer required to pay \$0.25 for their meals, as the state is now reimbursing the school districts for 100% of those sales.

Information Technology (IT)

- The 1 to 1 initiative to provide devices (i.e., Chromebooks or iPads) has expanded to all students to set up remote learning due to the closure of school buildings.

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- The District has enhanced their cyber security protocols that includes an updated antivirus program, blocking out all email messages from specific countries and a new network monitoring program to track incoming and outgoing traffic.
- The District changed the email service from Outlook to Gmail, which has improved the spam filtering process by reducing the number of spam messages that reach the employees inbox compared to Outlook.
- The IT Department has begun using a new inventory database, which is a web-based program called Insight, and this will replace the current Excel spreadsheets. The plan is to utilize the functionality of Insight to systematically obtain inventory information from the devices (e.g., serial number, etc.) by scanning the District network for these items connected via wire or wireless.
- The District has established procedures in compliance with Education Law Section 2-D to require vendors to sign a Privacy Agreement if there is any personally identifiable information involved in their services.

Student Safety and Security

- The District has installed a security booth with surveillance cameras at the start of the main driveway at the HS and there are plans to install a gate at this security booth.
- The District has enhanced security procedures by installing additional external and internal surveillance cameras at the school buildings.
- The technology staff are updating the surveillance cameras from analog to IP (Internet Protocol) versions and plan to install a new software program to manage these cameras.
- The District has installed a new visitor management system (SchoolSafe) at each school to facilitate the handling of visitors to the buildings that includes scanning the identification of the visitor.

RECOMMENDATIONS (NEW ITEMS)

Revenue and Cash Management

Finding and Recommendation – Risk Assessment Update 2020

Field Trips – *We found that the schools submit receipts periodically for the same field trip where the teachers' need to complete the deposit forms, provide updated student lists and maintain the balances for each submission rather than submitting all of the receipts at one time after collecting the funds for a respective field trip.*

1. *We recommend that the District create a schedule of due dates to submit the complete amount of receipts for the field trips to the Business Office and to allow a sufficient amount of time to create any purchase orders in advance of the event. The submission of a single deposit for each field trips, instead of multiple deposits, would result in a more efficient system. We also recommend that receipts from the students provided to the teachers during the collection period should be stored in the schools' safe in the Main Office to properly safeguard these funds until the entire field trips' receipts are submitted to the Business Office.*

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RECOMMENDATIONS (OPEN ITEMS)

Revenue and Cash Management

Recommendation – Agreed-Upon Procedures 2018 (December)

Board Policy - Authorized Signatures – We recommended that the District create a Board policy related to authorized signatures that should include language authorizing the signature on checks issued against all bank accounts of the District.

Risk Assessment Update – January 2020

2. *We note that the District Treasurer has been assigned the task of implementing this recommendation. We provided the District with sample Board policies related to this to topic, which can be used to facilitate the implementation of this recommendation.*

Recommendation – Agreed-Upon Procedures 2018 (December)

Written Procedures - Key Processes Performed by District Treasurer – We recommended that the District develop written, formal procedures related to key processes performed by the District Treasurer. These documents would assist the District during absences or potential future staff changes with this role.

Risk Assessment Update – 2020

3. *We understand that the District Treasurer plans to start developing written, formal procedures related to key tasks to be performed during the upcoming year-end June 30, 2020 closing processes.*

Recommendation – Risk Assessment Update 2017

Deputy Treasurer – We recommended that the District consider appointing a Deputy Treasurer to assist with the duties related to the treasurer role during the absence of the District Treasurer. This position would be beneficial when the District Treasurer is unavailable to perform their treasurer related tasks.

Risk Assessment Update – 2019

We noted that the District was considering hiring a full-time or part-time employee in the Business Office and would assign this person the role of Deputy Treasurer, in addition to other financially related duties.

Risk Assessment Update – 2020

4. *We understand that the District plans to address this item during the 2020-21 year.*

Extraclassroom Activity Fund

Recommendation – Agreed-Upon Procedures 2018 (December)

Board Policy - Expand or Create New Policy – We recommended that the District expand or create a new Board policy to address the duties of the Club Advisor and the Student Treasurer positions, as well as, procedures to handle remaining funds when closing clubs and to account for the interest when earned from the bank account.

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Risk Assessment Update – 2020

5. *We found that the District still needs to address this recommendation.*

Recommendation – Agreed-Upon Procedures 2018 (December)

Bona-Fide Clubs – We recommended that the District determine whether or not each extraclassroom activity is a bona-fide club per CR §172 and Finance Pamphlet 2. Included within the pamphlet is the regulation that each club shall have student officers as president, secretary and treasurer who are involved in the financial activities of the club.

Risk Assessment Update – 2020

6. *We note that the HS clubs must provide student membership lists with the assigned officers and documentation related to the clubs' meetings. However, we found that the HS Student Activities club was not a bona-fide club due to the lack of student officers or student involvement with the financial activities. We recommend that the HS assign the officers of the Student Senate club to the same roles for the Student Activities club to create a bona-fide club. In addition, we recommend that the MS address the field trip fund accounts for each grade because these are not bona-fide clubs due to the lack of student officers or student involvement.*

Recommendation – Agreed-Upon Procedures 2018 (December)

Receipts - Strengthen Controls – We recommended that the District strengthen controls related to receipts, particularly cash, at the club level since the collection of funds has a high level of inherent risk. In order to facilitate the pre-audit and recording of receipts, statements should be made by those collecting money. Such a statement should, on its face, include all of the essential data for a complete check and audit of the receipts. We recommended that the forms used to account for transactions be revised to provide an expanded comment or description section in which the Club Advisor can fully explain the transaction and completely account for the items by documenting the purchase information and utilize pre-numbered receipts or tickets (i.e., number of items purchased, number of items sold, the number of left over items and the status of the remaining items).

Risk Assessment Update – 2020

7. *We found that the District still needs to address this item. We provided a sample Deposit Form to the District to facilitate the implementation of this recommendation.*

Recommendation – Agreed-Upon Procedures 2018 (December)

HS – School Store – We recommended that the HS School Store strengthen procedures by:

- Providing proper support related to the receipts submitted to the Central Treasurer, including the vending machine sales, and implementing inventory controls.
- Using funds from the HS School Store account to purchase a point-of-sale system using bar code technology to strengthen the sales, receipts and inventory procedures. We note that there are available funds in the HS School Store club to afford this purchase (balance of \$8,348 at June 30, 2018).

Risk Assessment Update – 2020

8. *We found that the District still needs to address this recommendation.*

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Information Technology

Recommendation – Risk Assessment Update 2014

Disaster Recovery, Backup Procedures and IT Maintenance – We recommended that the District improve the disaster recovery and maintenance of IT equipment as follows:

- a) Develop a formal disaster recovery plan and/or contingency plan and subsequently establish procedures to periodically test the plan to ensure its effectiveness.
- b) Create climate controlled environments for the server/network rooms.
- c) Consider setting up a generator at the HS to adequately protect and maintain IT equipment during power outages.

Risk Assessment Update – 2015-2016

We noted that the District contracted with Nassau BOCES for a service to provide additional bandwidth and improved the backup procedures as prerequisites for developing a formal disaster recovery plan. We understood that the District planned to address the recommended improvements during the 2016-17 year.

Risk Assessment Update – 2017

We found that the District had improved the backup procedures by utilizing Barracuda, as noted previously, and there was functionality that would provide a minor source of disaster recovery until a formal plan was developed. We understood that the climate controlled environment and the generator were part of the Smart Schools Bond Act with the goal of implementation during the 2017-18 year.

Risk Assessment Update – 2018

We noted that the Assistant Superintendent for Curriculum, Instruction and Technology was working with the IT Department to develop a formal disaster recovery plan for the District.

Risk Assessment Update – 2019

We found that the new Director of Instructional Technology had started working with Nassau BOCES to document and implement a Disaster Recovery Plan.

Risk Assessment Update – 2020

9. *We note that the District has decided to move away from BOCES and engaged Stafford Associates Computer Specialists, Inc. to provide a best practice solution for disaster recovery and backup procedures that includes storing replicated data and providing backup at an offsite facility. The plan is to complete this work during the summer of 2020, which involves bringing physical servers to the offsite location and setting up these units.*

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Student Related Data and Services

Recommendation – Agreed-Upon Procedures 2018 (December)

Software Vendor - Prepare Contract – We recommended that the District prepare a contract with the transportation software vendor (Transfinder) detailing the terms of the agreement including the costs, period of time and services covered and have the contract approved by the Board.

Risk Assessment Update – 2020

10. *We note that the District is in the process of working with the transportation software vendor to create a contract regarding the Transfinder program as recommended.*

Recommendation – Agreed-Upon Procedures 2018 (December)

Transfinder Software - Review Transportation Services Data – We recommended that the District review all students displayed in Transfinder that are receiving transportation services that exceed the mileage requirements per the District policy and any students that have a 0 recorded in the field calculating miles from home to the school they are attending. The transportation office should review these students to ensure that these students should be receiving transportation services. Additionally, appropriate documentation should be obtained from parents on an annual basis for any medical reason that a student requires transportation when they live less than the miles from the school they attend as allowed by the Board policy and this documentation should be filed in the transportation office.

Risk Assessment Update – 2020

11. *We found that the District has assigned this task to the Transportation Supervisor and the employee is in the process of implementing this recommendation.*

RECOMMENDATIONS (CLOSED ITEMS)

Revenue and Cash Management

Recommendation – Agreed-Upon Procedures 2018 (December)

Unclaimed Checks – We recommended that the District develop procedures to ensure that the District Treasurer is adhering to the guidelines for addressing and clearing unclaimed checks that have been outstanding for over 5 months, with the exception of the workers' compensation bank account.

Risk Assessment Update – 2020 (This item is now closed)

We found that the Assistant Superintendent for Business has developed procedures, as part of the review of the monthly bank reconciliations, to ensure that the District Treasurer is adhering to the guidelines for addressing and clearing unclaimed checks that have been outstanding for over 5 months, with the exception of the workers' compensation bank account.

GLEN COVE CITY SCHOOL DISTRICT
Risk Assessment Update Report (Continued)

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Recommendation – Agreed-Upon Procedures 2018 (December)

nVision User Accounts – We recommended that the District establish procedures to strengthen controls related to the nVision user accounts by activating and inactivating permissions of the users when they cover duties of other employees during absences.

Risk Assessment Update – 2020 (This item is now closed)

We note that the Assistant Superintendent for Business has established procedures to strengthen controls related to the nVision user accounts by activating and inactivating permissions of the users when they cover duties of other employees during absences.

Recommendation – Agreed-Upon Procedures 2016 (December)

Accounts Receivable Module – Health Insurance – We recommended that the District develop procedures to ensure that all health insurance billings were entered into the Accounts Receivable (AR) module, to print and mail the monthly invoices to the enrollees. We suggested assigning the task of entering records into the AR module to the Benefits Clerk and enhancing operational efficiencies by eliminating the duplicate efforts of maintaining a separate Excel spreadsheet. In addition, we recommended that the District complete the review of the health insurance billings to ensure the completeness of the data in the AR module, which would improve the handling of health insurance accounts related to overdue balances.

Risk Assessment Update – 2018

We understood that the District planned to set up the AR module in the new version of the Finance Manager system (nVision) and would assign the AR duties to designated employees.

Risk Assessment Update – 2019

We noted that the District had been using the AR module for retiree billings and was considering implementing procedures starting July 2019 for employees whose net pay was not adequate to cover the employee costs of health insurance.

Risk Assessment Update – 2020 (This item is now closed)

We found that the District has developed procedures to use the AR module for employees whose net pay is not adequate to cover the employees' cost of health insurance premiums.

Recommendation – Agreed-Upon Procedures 2016 (December)

Funds Submitted by the School Programs – We recommended that the District establish procedures to ensure the completeness of receipts submitted by the schools to the Business Office by requiring the programs (adult education, driver's education, Advanced Placement Exams, NYSSMA, field trips, etc.) to include the list of students to support the amount of funds. In the absence of a list, there was a risk that money was not collected from all students for the activity.

Risk Assessment Update – 2018

We understood that the District planned to establish procedures requiring the schools to submit a list of students in each of the programs to support the amount of funds submitted to the Business Office and the Accounts Receivable Clerk would verify that all students in the respective programs have paid their fees.

GLEN COVE CITY SCHOOL DISTRICT
Risk Assessment Update Report (Continued)

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Risk Assessment Update – 2019

We found that the Business Office communicated the requirement to include the list of students with the funds submitted to the Administration Office, but the schools still needed to implement this recommendation. We understood that the Business Office had planned to hold off on these deposits until the respective school provides the student lists.

Risk Assessment Update – 2020 (This item is now closed)

We understand that the Business Office has enforced the requirement that the schools must submit the list of students with the funds submitted to the Administration Office. In the event that the list is excluded, then the Business Office informs the school that they must provide the required list of students.

Payroll and Human Resources

Recommendation – Agreed-Upon Procedures 2017 (December)

Time Management System – We recommended that the District consider implementing a time management system (e.g., Timepiece) after the implementation of the new financial system (i.e., nVision). The installation of a biometric time management system would strengthen internal controls and enhance operational efficiencies related to recording, tracking and reporting employees' time. A biometric system records the employees' exact arrival and departure times, provides a vastly improved solution to the current timesheets and reduces potential errors resulting from manual processes. Although there were no found occurrences of abuse, a biometric time management system eliminates the common and potential abuse related to time entry (e.g., incorrectly entering time or the "buddy system" concern). The biometric system would also enhance payroll processes by systematically calculating the overtime hours worked by employees to replace the current manual process.

Risk Assessment Update – 2019

We found that the District was in the process of setting up the time management system (i.e., Timepiece). The technical work to establish the system was on-going and decisions would need to be made regarding implementation of the system amongst different groups of employees.

Risk Assessment Update – 2020 (This item is now closed)

We note that the District has set up the time management system (i.e., Timepiece) that includes the installation of biometric readers at each school building and other locations as necessary (e.g., Administration Building, Facilities Building, etc.). The Timepiece module is a component of nVision and integrated with the Payroll module. We understand that the District has decided to start with the employees of the Facilities Department and plans to roll out to other bargaining unit staff in the future.

Recommendation – Agreed-Upon Procedures 2017 (December)

Reconcile Substitute Timesheets to Attendance Records – We recommended that the District establish procedures at each school to reconcile the substitute timesheets to attendance records in the Absence Management system to ensure that the teacher absences are properly recorded. Additionally, all absences would be recorded in nVision, including time that the employee was absent due to a meeting, training, field trip or other school business.

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Risk Assessment Update – 2019

We noted that the HR Department established procedures to ensure that all absences were recorded in nVision including time that the employee was absent due to a meeting, training, field trip or other school business. We again recommended that the District establish procedures at each school to reconcile the substitute timesheets to attendance records in the Absence Management system to ensure that the teacher absences are properly recorded.

Risk Assessment Update – 2020 (This item is now closed)

We note that the District has established procedures at each school to reconcile the substitute timesheets to the attendance records in the Absence Management system to ensure that the teacher absences are properly recorded.

Recommendation – Agreed-Upon Procedures 2017 (December)

Acceptance Letters – Sign-Offs by Salaried Employees – We recommended that the District establish procedures to have the acceptance letter (i.e., Probationary Appointment Notice) signed-off on by all salaried employees, similar to the current process for teachers and administrators.

Risk Assessment Update – 2019

We found that the District still needed to address this recommendation.

Risk Assessment Update – 2020 (This item is now closed)

We note that the District has created new Probationary Appointment Notices for other salaried employees based on the bargaining units, in addition to current version for teachers and administrators. We also found that the District has established procedures to have the acceptance letter (i.e., Probationary Appointment Notice) signed-off on by all salaried employees.

Recommendation – Agreed-Upon Procedures 2017 (December)

Assess the Operations of the HR Department – We recommended that the District assess the operations of the HR Department given the absence of an administrator in this function.

Risk Assessment Update – 2019

We found that the District had decided to fill the position with an Executive Director of HR. However, we noted that the initial attempt to find an acceptable candidate was unsuccessful, so the District planned to canvass for this position again.

Risk Assessment Update – 2020 (This item is now closed)

We note that the District had planned to include an Executive Director of HR in the original 2020-21 budget, but this position was removed as part of the revised 2020-21 budget. We understand that the District will take this recommendation into consideration in the future.

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Recommendation – Risk Assessment Update 2014

Salary Letters – We recommended that the District consider generating salary letters on an annual basis, which lists the employee’s annual salary for the year along with the respective step, as well as level, for teachers.

Risk Assessment Update – 2015-2016

We found that the District still needed to implement this recommendation.

Risk Assessment Update – 2017-2018

We noted that the HR Department developed procedures to provide salary letters to new employees during the hiring process and these letters had been signed by the employee then filed in their respective folder. We again recommended that the District consider generating salary letters on an annual basis.

Risk Assessment Update – 2019

We noted that the District planned to address this recommendation after filling the HR Administrator position.

Risk Assessment Update – 2020 (This item is now closed)

We note that the District had planned to include an Executive Director of HR in the original 2020-21 budget, but this position was removed as part of the revised 2020-21 budget. We understand that the District will take this recommendation into consideration in the future.

Benefits

Recommendation – Agreed-Upon Procedures 2016 (December)

Written, Formal Procedures - Key Processes – We recommended that the District create written, formal procedures related to key processes performed in the benefits function including reconciling *Employee Change Forms* to the health insurance provider invoice, reconciling *Change In Payroll Deduction Forms* to the payroll deduction register, recording payments for retirees or employees on unpaid leaves of absence, etc.

Risk Assessment Update – 2018

We understood that the Assistant Superintendent for Business planned to work with the Benefits Clerk to develop written, formal procedures as recommended.

Risk Assessment Update – 2019

We found that the District still needed to implement this recommendation.

Risk Assessment Update – 2020 (This item is now closed)

We understand that the District has taken this recommendation into consideration, but due to other priorities, this item will be addressed in the future.

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Recommendation – Agreed-Upon Procedures 2016 (December)

Assign Duties to the Benefits Clerk – We recommended that the District develop a plan to assign the following duties to the benefits clerk position, since these responsibilities are normally included within this role:

- a) Prepare the annual recalculation of cost allocation and submit the spreadsheet to the Payroll Supervisor for review.
- b) Calculate and include any changes in payroll deduction amounts due to coverage type changes or when an employee returns from an unpaid leave on the *Monthly Change Form* sent to the Payroll Department. The Payroll Supervisor should then review the calculations prior to entry into nVision.
- c) Perform monthly insurance reconciliations of the enrollee listing to the District’s records. At least quarterly, this review should be a complete reconciliation of covered employees to payroll deduction registers.
- d) Track and enter billings in the Accounts Receivable module of nVision for health insurance contributions for retirees, part-time employees who do not have sufficient wages to cover the cost of health insurance, employees on unpaid leaves of absence, individuals on COBRA, etc.

Risk Assessment Update – 2018

We found that the District still needed to implement this recommendation.

Risk Assessment Update – 2019

We noted that the District still needed to implement this recommendation.

Risk Assessment Update – 2020 (This item is now closed)

We understand that the District has taken this recommendation into consideration, but due to other priorities, this item will be addressed in the future.

Recommendation – Agreed-Upon Procedures 2016 (December)

Utilize the Benefits Module – We recommended that the District utilize the Benefits module in nVision to record and track all employees and retirees enrolled in the health insurance plans. We recommended developing procedures to reconcile the information on a periodic basis to the payroll deduction register and the health insurance invoice enrollee listing. Reconciling the invoice to the payroll deduction register and billings to retirees and COBRA enrollees would help ensure that coverage was provided to the appropriate individuals, and that the allocation of costs were accurate.

Risk Assessment Update – 2018

We understood that the District planned to set up the Benefits module in the new version of nVision and utilize the module to manage the enrollees in the health insurance plans.

Risk Assessment Update – 2019

We noted that the District still needed to implement this recommendation.

GLEN COVE CITY SCHOOL DISTRICT
Risk Assessment Update Report (Continued)

June 17, 2020

Risk Assessment Update – 2020 (This item is now closed)

We understand that the District has taken this recommendation into consideration, but due to other priorities, this item will be addressed in the future.

Recommendation – Agreed-Upon Procedures 2016 (December)

Health Insurance Reconciliation – We recommended that the District establish procedures to reconcile the amount collected by NYBEAS (New York Benefits Eligibility and Accounting System) to the amount that the District is billed for retiree health insurance from New York State Health Insurance Program (NYSHIP) to ensure that the records agree.

Risk Assessment Update – 2018

We noted that the District established procedures to reconcile the NYSHIP invoice to the NYBEAS information. However, this task is performed by the Accounts Payable Clerk and should be assigned to the Benefits Clerk.

Risk Assessment Update – 2019

We noted that the District still needed to implement this recommendation.

Risk Assessment Update – 2020 (This item is now closed)

We understand that the District has taken this recommendation into consideration, but due to other priorities, this item will be addressed in the future.

Grants and Special Education

Recommendation – Agreed-Upon Procedures 2016 (March)

Key Financial Processes – Written, Formal Procedures – We recommended that the District develop written, formal procedures for key financial processes of the Special Education Department (i.e., review of invoices, preparing contracts/purchase requisitions, budget preparation, grant filings, etc.).

Risk Assessment Update – 2017-2019

We found that the Special Education Department began to develop written, formal procedures. However, these documented procedures needed to be expanded and the Special Education Department needed to develop additional written, formal procedures to document other key financial processes.

Risk Assessment Update – 2020 (This item is now closed)

We note that the Director of Special Education has created detailed job descriptions and roles of each staff, since there has been a realignment of some duties with the hiring of a new Senior Account Clerk. After completing these tasks, the Director of Special Education has begun working with staff to develop additional written, formal procedures related to key financial processes.

GLEN COVE CITY SCHOOL DISTRICT
Risk Assessment Update Report (Continued)
June 17, 2020

Facilities and Capital Projects

Recommendation – Risk Assessment Update 2018

Staff Evaluations – We recommended that the District establish procedures to complete a formal annual performance evaluation of all the Facilities Department staff including the Director of Facilities.

Risk Assessment Update – 2019

We noted that the Assistant Superintendent for Business planned to complete a formal annual performance evaluation for the Director of Facilities starting in the 2018-19 year and the Director of Facilities to complete the staff evaluations for the year ended June 30, 2019.

Risk Assessment Update – 2020 (This item is now closed)

We note that the District has established procedures to complete a formal annual performance evaluation during April of all the Facilities Department staff including the Director of Facilities as follows:

- The Assistant Superintendent for Business completes the formal annual performance evaluation for the Director of Facilities Director.*
- The Director of Facilities prepares the formal annual performance evaluations for the Maintenance Supervisor and Grounds Supervisor.*
- The Maintenance Supervisor and Grounds Supervisor complete the formal annual evaluations of their respective workers with a review and approval by the Director of Facilities.*
- The school principals prepare the formal annual performance evaluation of their respective head custodian with a review and approval by the Director of Facilities.*
- The head custodians complete the formal annual performance evaluations of their respective cleaners with a review and approval by the Director of Facilities.*

Recommendation – Agreed-Upon Procedures 2016 (March)

Create Inventory List – We recommended that the Facilities Department create an inventory list of all items that fall under the District's threshold dollar amount for tagging, to strengthen controls and improve safeguarding of District property that has a risk of potential theft (e.g., small equipment, tools and materials). We also recommended that the Facilities Department perform periodic physical inventories of all assets (i.e., tagged and non-tagged items) and document the results.

Risk Assessment Update – 2017

We noted that the Facilities Department provided the custodians, maintenance workers and grounds staff with spreadsheets and they were in the process of creating inventory lists. We understood that the Facilities Department planned to establish procedures to perform periodic physical inventories after receiving the spreadsheets.

Risk Assessment Update – 2018

We understood that the Director of Facilities planned to establish procedures to perform periodic physical inventories once the process of creating inventory lists are completed.

GLEN COVE CITY SCHOOL DISTRICT
Risk Assessment Update Report (Continued)

June 17, 2020

Risk Assessment Update – 2019

We found that an initial inventory had been created and the Facilities Department was working on finalizing and categorizing the assets into a usable list.

Risk Assessment Update – 2020 (This item is now closed)

We note that the District has finalized and categorized the assets into a usable list for the inventory spreadsheets. We understand that the Director of Facilities has established a schedule for the designated staff to perform physical inventories each September.

Capital Assets

Recommendation – Risk Assessment Update 2014

Board Policy - Capital Assets – We recommended that the District consider revising the Board policy related to capital assets (*Accounting of Fixed Assets - #5621*) with regard to the annual inventory. An effective control over capital assets, as well as furniture and equipment, is a physical inventory. However, instead of performing an annual inventory of all capital assets, the District should consider rewording the Board policy to state that this needs to be done in some of the departments each year.

Risk Assessment Update – 2015-2017

We noted that the District had a complete physical inventory performed by a third party (AssetWORKS) during the fall of 2015 and the AssetMAXX database was updated based on the results of the inventory. We understood that the District planned to revise Board Policy #5621 – *Accounting of Fixed Assets* as recommended and considered increasing the capitalization threshold from \$1,000 to \$5,000. We recommended that the District reword the Board policy to state that a physical inventory needs to be done in some of the departments each year to replace the current language requiring a complete annual inventory. Over a three or four-year period, physical inventories should be performed for all departments. According to the New York State Office of the State Comptroller, as part of an inventory control system, the District should conduct a physical inventory of each department and the results of the inventory should be reconciled with the property records on file.

Risk Assessment Update – 2018

We found that the District had changed to a different third party provider (CBIZ) during the fall of 2017. CBIZ completed a district-wide inventory of all capital assets and the District was in the process of reconciling the results with the asset database. In addition, the District was considering revisions to the Board policy related to capital assets (*Accounting of Fixed Assets - #5621*) with regard to the annual inventory as recommended.

Risk Assessment Update – 2019

We noted that the District still needed to implement this recommendation.

Risk Assessment Update – 2020 (This item has been closed and moved to another report)

We addressed this comment during our Agreed-Upon Procedures engagement related to capital assets and included this item in the Applying Agreed-Upon Procedures Report dated December 18, 2019. We will follow up with this recommendation during the risk assessment engagement to be performed during the 2020-21 year.

GLEN COVE CITY SCHOOL DISTRICT
Risk Assessment Update Report (Continued)

June 17, 2020

Extraclassroom Activity Fund

Recommendation – Agreed-Upon Procedures 2018 (December)

Create Payment Request Form at HS – We recommended that the District create a Payment Request Form at the HS to request payments to vendors, the form should include sections for the names and signatures of the Club Advisor and the Student Treasurer.

Risk Assessment Update – 2020 (This item is now closed)

We note that the HS uses a standard purchase order form, which serves as a check payment request form and includes signatures of advisor and student treasurer and then the advisor signs-off to authorize the payment to the vendor.

Recommendation – Agreed-Upon Procedures 2018 (December)

Revise Deposit Envelopes – We recommended that the District revise the deposit envelopes at both the HS and Middle School (MS) to include a space large enough for the Club Advisor to provide a description of the deposit (i.e. number of tickets sold multiplied by the cost matches the total amount of the deposit) and any supporting documents (i.e. class lists, receipts, etc.) should be submitted to the Central Treasurer to be able to determine if the deposit is complete. Additionally, the deposit envelope used at the MS should be revised to include a space for the Student Treasurer to sign-off on all club deposits. The procedure of the MS Central Treasurer preparing the deposit envelope should be discontinued. All deposits sent to the Central Treasurer at the MS should be accompanied by a completed deposit envelope by the individual collecting the funds along with the required signatures to indicate that the funds have been counted by the Club Advisor and the student treasurer. In addition, the date of the event should be noted on the deposit envelope.

Risk Assessment Update – 2020 (This item is now closed)

We found that the MS has revised their deposit envelope to include spaces for the Student Treasurer and for the date of the event. The MS Central Treasurer reviews these envelopes to ensure that this information is included when the funds are submitted by the clubs. We understand that the HS plans to use a standard Deposit Form that will provide information as recommended (refer to the Receipts - Strengthen Controls comment above).

Recommendation – Agreed-Upon Procedures 2018 (December)

Clubs to Maintain Financial Ledgers – We recommended that the District establish procedures to require each club to maintain a financial ledger and confirm in writing that ledger with the Central Treasurer at least once during the year and at the end of the year.

Risk Assessment Update – 2020 (This item is now closed)

We note that the District has established procedures requiring each club to maintain a financial ledger. This is confirmed in writing that their ledger agree with the HS Central Treasurer records twice annually and with the MS Central Treasurer monthly. .

GLEN COVE CITY SCHOOL DISTRICT
Risk Assessment Update Report (Continued)

June 17, 2020

Recommendation – Agreed-Upon Procedures 2018 (December)

Timely Submission of Deposits to the Central Treasurer – We recommended that the District develop procedures to ensure that deposits are submitted to the Central Treasurer on a timely basis. The receipts (i.e., cash and checks) should be deposited as soon as possible.

Risk Assessment Update – 2020 (This item is now closed)

We note that the District has developed procedures to ensure that deposits are submitted timely to the Central Treasurer, who communicates the importance of such timeliness with the clubs. The HS Central Treasurer and the MS Central Treasurer also confirmed that the deposits have been submitted timely by the clubs.

Recommendation – Agreed-Upon Procedures 2018 (December)

Improve Sales Tax Procedures – We recommended that the District improve the sales tax procedures related to extraclassroom activities and establish a process for determining if the event is taxable. The procedures need to ensure that the fundraising events and activities are in compliance with sales tax guidelines (e.g., yearbook, clothes, items purchased for resale) and ensure that the clubs do not improperly claim exemption from tax with vendors.

Risk Assessment Update – 2020 (This item is now closed)

We found that the District has improved the sales tax procedures by reviewing each event to determine if such event is taxable as per the sales tax guidelines. We also note that the Central Treasurers file sales tax with the state on a quarterly basis.

Recommendation – Agreed-Upon Procedures 2018 (December)

Proper Approvals of Scholarships Granted from Clubs – We recommended that the District establish procedures to have the scholarships granted from club funds be approved by the Club Advisor and the student treasurer. The name of the student that is receiving the scholarship can be omitted until payment, so that students are not aware of the name of the scholarship recipient.

Risk Assessment Update – 2020 (This item is now closed)

We found that the District has established procedures to have the scholarships granted from club funds be approved by the Club Advisor and the student treasurer by having these payments supported by the purchase orders at the HS and the check request forms at the MS, which include these required signatures.

Information Technology

Recommendation – Risk Assessment Update 2019

Administrative Passwords and Remote Users – We recommended that the District change the Network Administration passwords on a regular basis and that a full review be performed of remote users.

GLEN COVE CITY SCHOOL DISTRICT
Risk Assessment Update Report (Continued)

June 17, 2020

Risk Assessment Update – 2020 (This item is now closed)

We note that the District has changed the Network Administration passwords and performed a full review of the remote users. We understand that the IT Department has developed procedures to require the Network Administration passwords to be changed periodically and to review remote users annually.

Recommendation – Agreed-Upon Procedures 2017 (December)

User Accounts – Inactive Timely – We recommended that the District establish procedures to ensure that the user accounts in the District network, PowerSchool and nVision are inactivated timely based on employee changes.

Risk Assessment Update – 2019

We noted that the District was in the process of installing an access management system called Tools4ever that would automate the enabling and disabling of user accounts from various applications.

Risk Assessment Update – 2020 (This item is now closed)

We found that the District has installed Tools4ever that automated the enabling and disabling of user accounts in the District Network (Active Directory) and Google based on changes posted to users in the nVision financial system and the PowerSchool student management system. This process runs three times per day to ensure that use accounts are updated timely. We understand that the IT Department is looking to expand Tools4ever to include the user accounts related to the swipe cards.

Student Related Data and Services

Recommendation – Agreed-Upon Procedures 2018 (December)

Transportation Company Invoices - Sufficient Documentation – We recommended that the District continue efforts with the transportation company to obtain sufficient documentation for each invoice. All bus routes, after being reconciled with the transportation company, should be entered or updated in Transfinder. The information from Transfinder should then be compared to the monthly transportation company invoice to ensure that they agree. This information could then be used to calculate the amount of fuel used; and matched to the invoice received from the fuel company to ensure that they are complete and accurate.

Risk Assessment Update – 2020 (This item is now closed)

We note that the District has developed procedures as recommended and the Transportation Supervisor notes that these steps were completed as part of the monthly invoice documentation.

Recommendation – Agreed-Upon Procedures 2018 (December)

Fuel Prices - Agree to NYS Contract – We recommended that the District establish procedures in the Business Office to agree pricing amount from the NYS contract to the fuel price charged by the vendor to ensure that the pricing is correct.

GLEN COVE CITY SCHOOL DISTRICT
Risk Assessment Update Report (Continued)

June 17, 2020

Risk Assessment Update – 2020 (This item is now closed)

We found that the Business Office has established procedures to agree pricing amount from the NYS contract to the fuel price charged by the vendor to ensure that the pricing is correct and this is noted on the vendor invoice.

Recommendation – Agreed-Upon Procedures 2018 (December)

Board Approval - Annual Transportation Contract – We recommended that the District develop procedures to obtain Board approval annually for the transportation contract, even if the District and the bus company agree to an extension of the transportation contract based on CPI increase. Additionally, the District should maintain a spreadsheet to calculate the CPI increase for each year from the original bid or RFP amount.

Risk Assessment Update – 2020 (This item is now closed)

We found that the District has created a spreadsheet to calculate the CPI increase for each year, which will be annually updated by the Transportation Supervisor. We also understand that the Business Office has asked the transportation company to provide a contract with prices for the upcoming 2020-21 year; however, the transportation company refused this request stating that they do not provide this information for any of their other school district clients.

