

Glen Cove City School District
Risk Assessment Update Report
April 3, 2019

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, 2018.

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
April 3, 2019

GLEN COVE CITY SCHOOL DISTRICT

Introduction

April 3, 2019

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.

GLEN COVE CITY SCHOOL DISTRICT

Introduction (Continued)

April 3, 2019

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 6, 2018	District-wide
Agreed-Upon Procedures	December 6, 2017	Payroll and Human Resources

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, 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 Corrective Action Plan (CAP) along with the respective Internal Audit Report via the NYSED Portal.

GLEN COVE CITY SCHOOL DISTRICT

Risk Assessment Table

April 3, 2019

(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	M	
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	M	
Payroll				
Payroll Accounting and Reporting	12/06/17	M	M	
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	M	
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)**

April 3, 2019

(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		M	M	
Maintenance and Inventories		M	M	
Food Service				✓
Sales Cycle and System		M	M	
Purchasing and Inventory		M	M	
Federal and State Reimbursements		M	M	
Free and Reduced Lunch		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	H	
Student Safety and Security		M	M	

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

GLEN COVE CITY SCHOOL DISTRICT
Risk Assessment Update Report
April 3, 2019

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

Governance and Planning

- There has been continued improvement with the budget development and administration processes.

Accounting and Reporting

- The Assistant Superintendent for Business revised the budget account codes in the nVision financial system in compliance with the requirements to report the budget and expenditures at the school building level.

Human Resources

- The District still has a vacancy related to an administrative position in the Human Resources (HR) Department.

Grants and Special Education

- There has been continued improvement with the communications and interactions between the Special Education Department and the Business Office related to the management of the grants.

Food Service

- The District applied for and was granted approval related to the Community Eligibility Provision (CEP), where all students in the 4 elementary schools receive free meals through the food service program starting with the 2018-19 school year. We understand that the food service program's operations as of January 31, 2019 are showing positive financial results compared with the results at the same period last fiscal year.

Information Technology (IT)

- The District filled the role of Director of Instructional Technology effective for the 2018-19 year.
- The 1 to 1 initiative to provide Chromebooks to students has expanded to the High School (HS) and the plan is to complete this project for grades 6 through 12 during the next two years.
- A physical inventory was completed and the District is working on using that inventory to update the database of the District-wide inventory.
- The District needs to address administrative password control procedures (see below).

Student Related Data

- The Student Management Systems Administrator has cleansed the PowerSchool system's database that included a sizable reduction to the number of user accounts. This was possible by moving from PowerSchool to the Human Resources module of nVision to send alerts to all staff via the school messenger program.

Student Safety and Security

- The District has enhanced security procedures by installing additional external and internal surveillance cameras at the school buildings including the playgrounds at all of the elementary schools.
- The District installed lights at school buildings to indicate emergencies (e.g., lock downs, lock outs, etc.), placed security aids in all schools (prior only secondary schools) and installed vestibules at all schools.
- The District has installed vape detectors in some HS locations (bathrooms and locker rooms) and we understand that this has been successful with addressing this issue.

GLEN COVE CITY SCHOOL DISTRICT
Risk Assessment Update Report (Continued)
April 3, 2019

RECOMMENDATIONS (NEW ITEMS)

Information Technology

Finding and Recommendation – Risk Assessment Update 2019

Administrative Passwords and Remote Users – We noted that Administrative Passwords have not been changed on a regular basis which potentially leaves the network vulnerable to attack. In addition, the District has not performed a review of remote users for several years.

1. We recommend the District change the Network Administration passwords on a regular basis and that a full review be performed of remote users.

RECOMMENDATIONS (OPEN ITEMS)

Revenue and Cash Management

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

2. We understand that the District is 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.

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

3. The District has been using the AR module for retiree billings and is considering implementing procedures this July for employees whose net pay is not adequate to cover the employee costs of health insurance.

GLEN COVE CITY SCHOOL DISTRICT
Risk Assessment Update Report (Continued)
April 3, 2019

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.

Risk Assessment Update – 2019

4. *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 need to implement this recommendation. We understand that the Business Office is planning to hold off on these deposits until the respective school provides the student list.*

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

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

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.

GLEN COVE CITY SCHOOL DISTRICT
Risk Assessment Update Report (Continued)
April 3, 2019

Risk Assessment Update – 2019

6. *We note that the HR Department has established procedures to ensure that all absences are recorded in nVision including time that the employee was absent due to a meeting, training, field trip or other school business. We again recommend 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.*

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

7. *We found that the District has decided to fill the position with an Executive Director of HR. We found that the initial attempt to find an acceptable candidate was unsuccessful, so the District plans to canvass for this position again.*

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

8. *We note that the District is in the process of installing an access management system called Tool Forever that will automate the enabling and disabling of user accounts from various applications.*

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 signed-off on by all salaried employees.

Risk Assessment Update – 2019

9. *We found that the District plans to address this recommendation after filling the HR Administrator position.*

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.

GLEN COVE CITY SCHOOL DISTRICT
Risk Assessment Update Report (Continued)
April 3, 2019

Risk Assessment Update – 2019

10. *We note that the District plans to address this recommendation after filling the HR Administrator position.*

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

11. *We note that the District still needs to implement this recommendation.*

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

GLEN COVE CITY SCHOOL DISTRICT
Risk Assessment Update Report (Continued)
April 3, 2019

12. *We note that the District still needs to implement this recommendation.*

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

13. *We note that the District still needs to implement this recommendation.*

Recommendation – Agreed-Upon Procedures 2016 (December)

Health Insurance Reconciliation – We recommended that the District establish procedures to reconcile the amount collected by NYBEAS to the amount that the District is billed for retiree health insurance from 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

14. *We note that the District still needs to implement this recommendation.*

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

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.

GLEN COVE CITY SCHOOL DISTRICT
Risk Assessment Update Report (Continued)
April 3, 2019

Risk Assessment Update – 2018

We understood that the Director of Special Education planned to work with staff to expand and develop additional written, formal procedures related to key financial processes.

Risk Assessment Update – 2019

- 15.** *We note that the Director of Special Education still needs to develop the additional written, formal procedures.*

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

- 16.** *We note that the Assistant Superintendent for Business plans to complete a formal annual performance evaluation for the Director of Facilities starting this year and the Director of Facilities to complete the staff evaluations.*

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.

Risk Assessment Update – 2019

- 17.** *We note that an initial inventory was created and the Facilities Department is working on finalizing and categorizing the assets into a usable list.*

GLEN COVE CITY SCHOOL DISTRICT
Risk Assessment Update Report (Continued)
April 3, 2019

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

18. *We note that the District still needs to implement this recommendation.*

Extraclassroom Activity Funds

Recommendation – Risk Assessment Update 2014

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 and implementing inventory controls. We also recommended that the HS School Store submit and support the vending machine sales as part of the deposits submitted to the Central Treasurer.

Risk Assessment Update – 2015-2016

We understood that the HS was in the process of revising the School Store Receipt Form and recommended that the School Store implement our recommendations to strengthen the receipts and inventory procedures.

Risk Assessment Update – 2017

We noted that the HS School Store was using the revised School Store Receipt Form, but the club still needed to strengthen the receipts and inventory procedures. Since we were informed that the School Store sales consists

GLEN COVE CITY SCHOOL DISTRICT
Risk Assessment Update Report (Continued)
April 3, 2019

mainly of numerous low-priced items, preparing lists of products sold and maintaining inventory would be manually intensive. We recommended 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 \$8,109 at June 30, 2016).

Risk Assessment Update – 2018

We found that the District was in the process of obtaining pricing for point-of-sale systems and cash registers and planned to make a decision for the 2018-19 school year.

Risk Assessment Update – 2019

19. *We note that the District still needs to implement this recommendation.*

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 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

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

GLEN COVE CITY SCHOOL DISTRICT
Risk Assessment Update Report (Continued)
April 3, 2019

RECOMMENDATIONS (CLOSED ITEMS)

Revenue and Cash Management

Recommendation – Agreed-Upon Procedures 2016 (December)

Accounts Receivable Module – Use of Facilities – We recommended that the District develop procedures to use the AR module to enter and create invoices related to the use of facilities to improve the monitoring and accounting of these activities. We suggested that the Facilities Department send the approval and billing memo to the Business Office to prepare the invoice in the AR module and mail the invoice to the requestor. We also recommended that the District establish procedures to reconcile the fiscal year billings to the actual use of facilities events and formally document this process. We suggested printing out a usage report from the Facilities Direct module and agreeing the rental information to the report from the AR module to ensure completeness. In addition, we recommended that the District include the name of the organization along with the school building (e.g., high school, middle school, etc.) in the explanation field to facilitate a review and reconciliation of the Detail Account Transactions Report for revenue account A2410 – Rental of Real Property to the use of facilities activity.

Risk Assessment Update – 2018

We understood that the District planned to set up the AR module in the new version of nVision. The Assistant Superintendent for Business would provide training for the Facilities Department Secretary and assign this employee the task of creating invoices in the AR module related to the use of facilities.

Risk Assessment Update – 2019 (This item is now closed)

We found that the District has implemented this recommendation and the Director of Facilities is using the module to review the Accounts Receivable records.

Recommendation – Agreed-Upon Procedures 2016 (December)

AR Aging Report – We recommended that the District establish procedures to review the AR Aging Report monthly and resolve the outstanding AR balances in a timely manner, including the accounts with other school districts over a year past due.

Risk Assessment Update – 2018

We understood that the District Treasurer planned to develop procedures to review the AR Aging Report and resolve the outstanding AR balances in a timely manner. We provided information to the District related to unclaimed funds to assist with the implementation of this recommendation.

Risk Assessment Update – 2019 (This item is now closed)

We note that the District Treasurer has developed procedures to review the AR Aging Report on a monthly basis and resolving the outstanding balances in a timely manner.

GLEN COVE CITY SCHOOL DISTRICT
Risk Assessment Update Report (Continued)
April 3, 2019

Payroll and Human Resources

Recommendation – Agreed-Upon Procedures 2017 (December)

Review Salary Expenditures – Budget Codes – We recommended that the District develop procedures to require the administrative staff to review the employee payroll expense to ensure that the salary related expenditures are charged to the correct budget codes. This process would be documented and performed periodically during the year.

Risk Assessment Update – 2019 (This item is now closed)

We found that the District has implemented this recommendation in conjunction with revising the budget account codes, including salary related expenditures due to the new requirements to report at the school buildings level.

Recommendation – Agreed-Upon Procedures 2017 (December)

Include Salary Tables in MOA – We recommended that the District include salary tables in future Memorandum of Agreements (MOA) and ensure that the language in the MOA agrees with the salary tables. Also, establish procedures to have the salary tables entered into nVision and ensure they are reviewed and approved by a second employee.

Risk Assessment Update – 2019 (This item is now closed)

We note that the District will include salary tables in future MOA and ensure that the language in the MOA agrees with the salary tables, and the District has established procedures to have the salary tables entered into nVision.

Recommendation – Agreed-Upon Procedures 2017 (December)

New Hires – Obtain Board Approval Prior to Start Date – We recommended that the District develop procedures to obtain the Board approval of all new hires before their effective start date.

Risk Assessment Update – 2019 (This item is now closed)

We found that the District has developed procedures as recommended with the exception of extenuating instances (e.g., an employee needs to start working before the Board meeting to approve the new hire due to a requirement per a student's Individualized Education Program).

Recommendation – Agreed-Upon Procedures 2017 (December)

Personnel Section of Board Minutes – We recommended that the District establish procedures to provide the personnel section of the Board minutes directly to the Department, instead of the HR Confidential Secretary preparing an Excel spreadsheet that contains the same information. This would reduce the potential for manual errors and enhance efficiencies.

Risk Assessment Update – 2019 (This item is now closed)

We note that the District has implemented this recommendation.

GLEN COVE CITY SCHOOL DISTRICT
Risk Assessment Update Report (Continued)
April 3, 2019

Recommendation – Agreed-Upon Procedures 2017 (December)

Entering New Hires in nVision – We recommended that the District develop procedures to have 2 staff involved in entering new hires in the nVision financial system. One employee would enter the payroll data and a second person should verify the accuracy of the information. The verification process would include confirming the salary amount to the Board approval.

Risk Assessment Update – 2019 (This item is now closed)

We found that the District has implemented this recommendation.

Recommendation – Agreed-Upon Procedures 2017 (December)

Employees Personnel Files – Transcripts – We recommended that the District obtain transcripts related to any stipends paid to an employee holding a bachelor's degree or master's degree and file the transcript in the respective employee's personnel file.

Risk Assessment Update – 2019 (This item is now closed)

We note that the District has implemented this recommendation.

Recommendation – Agreed-Upon Procedures 2017 (December)

Employees Personnel Files – Maintain LOA Request Letters – We recommended that the District develop procedures to maintain all request letters related to leaves of absence (LOA) in the employees' personnel files.

Risk Assessment Update – 2019 (This item is now closed)

We found that the District has implemented this recommendation.

Recommendation – Agreed-Upon Procedures 2017 (December)

Exit Checklist – Fill Out Completely – We recommended that the District establish procedures to ensure that the exit checklist is filled out completely and included in each employee's personnel file upon separation.

Risk Assessment Update – 2019 (This item is now closed)

We note that the District has implemented this recommendation.

Recommendation – Risk Assessment Update 2014

Employee Contracts or Agreements – We recommended that the District ensure that there are Board-approved contracts or agreements with all of the employees to clearly outline the entitlements of each person that includes the annual salary and benefits (earned time off [sick, vacation, personal and bereavement days], health insurance, other insurances [life, dental, etc.]). We also recommended that the District formally document the job responsibilities of the two Board-appointed positions (i.e., District Treasurer and District Clerk).

GLEN COVE CITY SCHOOL DISTRICT
Risk Assessment Update Report (Continued)
April 3, 2019

Risk Assessment Update – 2015-2017

We found that a job responsibility document was developed for the District Treasurer; however, this was not completed for all Board-appointed positions as recommended.

Risk Assessment Update – 2018

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

Risk Assessment Update – 2019 (This item is now closed)

We found that the District has implemented this recommendation.

Capital Assets

Recommendation – Risk Assessment Update 2014

Information Technology Inventory – We recommended that the District establish procedures to perform periodic physical inventories of the IT assets. We also recommended that the District require that staff prepare the standard Asset Transfer Form when moving IT assets and submit the form to the IT Department timely.

Risk Assessment Update – 2015-2016

We understood that the Assistant Superintendent for Business would work with the Director of Technical Services to implement this recommendation for the 2016-17 year.

Risk Assessment Update – 2017

We found that the District decided to use a software program (Destiny Resource Manager) to manage the IT inventory more efficiently. The District used the Destiny Library Management module to manage the assets of the libraries. After completing this initiative, the District planned to establish procedures to perform periodic physical inventories of the IT assets and require staff to prepare and submit the standard Asset Transfer Form timely when IT assets were moved.

Risk Assessment Update – 2018

We noted that the Assistant Superintendent of Instruction and Technology was working with the IT Department to establish procedures to perform periodic physical inventories of the IT assets. The District was in the process of taking physical inventories of the IT assets on a school by school basis with the goal of completing this initiative by September 2018.

Risk Assessment Update – 2019 (This item is now closed)

We note that the physical inventory was completed in the fall of 2018 and the District will consider how frequently physical inventories are performed.

GLEN COVE CITY SCHOOL DISTRICT
Risk Assessment Update Report (Continued)
April 3, 2019

Food Service

Recommendation – Risk Assessment Update 2016

Food Service Program - Financial Results – We recommended that the District establish a plan to review the food service program for opportunities to improve the financial results, with the goal of being sustainable by increasing revenues and/or reducing expenditures, since we found that the food service program operated at a deficit of \$141,894 for the year ended June 30, 2015. Further review noted that the deficit had significantly reduced the fund balance in the food service fund from \$454,390 to \$312,496 at June 30, 2015, which is slightly more than 31%.

Risk Assessment Update – 2017

We noted that the District raised the prices of meals, which helped increase revenues, and there was a reduction of expenditures from the prior school year. This resulted in the food service program with less of a deficit (\$42,187) for the year ended June 30, 2016.

Risk Assessment Update – 2018

We noted that the District raised prices again for the 2017-18 school year, and the Director of Food Service will continue to monitor the prices of meals. For the year ended June 30, 2017, the deficit was \$71,506 and the total food service fund's fund balance was reduced to \$296,488. We recommended that the District consider budgeting a transfer from the general fund to the food service fund as part of the annual budget process.

Risk Assessment Update – 2019 (This item is now closed)

We found that there has been improvement with the financial operations of the food service program as a result of the CEP where all students in the 4 elementary schools receive free meals and the continued efforts with monitoring the costs (e.g., purchases, inventory, etc.).

Extraclassroom Activity Funds

Recommendation – Risk Assessment Update 2014

Middle School – Extraclassroom Clubs – We recommended that the District establish procedures to ensure that all extraclassroom activity clubs at the Middle School (MS) have student officers participating in all of the club activities, including deposits and disbursements. We also recommended that all clubs have a club charter detailing the purpose of the club and the student officers for the club. Further, we recommended that the Faculty Advisor along with the student officers collect the funds for yearbooks and send the deposits to the Central Treasurer for deposit. Alternatively, the District should look into using an online system to collect money for yearbook sales.

Risk Assessment Update – 2015-2017

We noted that the District still needed to address the field trip accounts in the MS. These were not bona-fide clubs, since there were no student officers. In addition, we noted that there were interest accounts at both the MS and HS with year end balances at June 30, 2015, and these balances are normally allocated to each club or a student government club.

GLEN COVE CITY SCHOOL DISTRICT
Risk Assessment Update Report (Continued)
April 3, 2019

Risk Assessment Update – 2018

We found that the central treasurers at the MS and HS have addressed the interest accounts and allocated these funds to the student government clubs. We again recommended that the District address the field trip accounts in the MS because these were not bona-fide clubs, since there were no student officers.

Risk Assessment Update – 2019 (This item has been moved to another report)

We performed an agreed-upon procedures (AUP) engagement related to extraclassroom activities during the 2018-19 year that addressed this recommendation from the Risk Assessment Update Report dated April 8, 2014. We will follow up on this recommendation from that report during the annual risk assessment in the 2019-20 year.

Student Related Data and Services

Recommendation – Risk Assessment Update 2016

Transportation - Bus Mileage – We recommended that the District work with the bus company (Hendrickson) to provide appropriate supporting documentation for mileage and gas usage, including the miles per gallon calculation used by Hendrickson, since the contract requires the District to pay for fuel. We recommended that the District require that the miles per gallon calculation be detailed on the vendor's invoice and develop procedures to review the miles per gallon calculation used by Hendrickson.

Risk Assessment Update – 2017

We noted that Hendrickson had been providing monthly calculations with their invoices; however, the documentation related to mileage was not adequate to support the mileage and gas usage. We recommended that the District require that Hendrickson provide appropriate documentation to support the miles per gallon calculation and include this information on its monthly invoice. We also recommended that the District develop procedures to review the miles per gallon calculation used by Hendrickson.

Risk Assessment Update – 2018

We found that the District Treasurer had been assigned the responsibility of addressing this recommendation.

Risk Assessment Update – 2019 (This item has been moved to another report)

We performed an AUP engagement related to transportation during the 2018-19 year that addressed this recommendation from the AUP Report dated December 6, 2018. We will follow up on this recommendation from that report during the annual risk assessment in the 2019-20 year.

Recommendation – Risk Assessment Update 2014

Transportation - Gas Purchases – We recommended that the District request the documentation related to gas purchases for the last two years to determine whether the amounts had been billed appropriately and also require the provider to support the monthly invoice with an appropriate amount of detailed back-up documentation.

Risk Assessment Update – 2015

We understood that the District was in the final stages of calculating fuel requirements for the 2013-14 and 2014-15 school years and would reconcile the amounts with the supplier before the end of the fiscal year.

GLEN COVE CITY SCHOOL DISTRICT
Risk Assessment Update Report (Continued)
April 3, 2019

Risk Assessment Update – 2016-2017

We noted that the District had finalized its reconciliation of the transportation fuel costs for the 2013-14 and 2014-15 school years. Hendrickson was to provide a refund to the District for the agreed-upon amounts. In addition, the District required Hendrickson to submit monthly detailed invoices including fuel and mileage logs. However, our review of the spreadsheet from Hendrickson related to fuel and mileage, found that this documentation was still not adequate.

Risk Assessment Update – 2018

We found that the District Treasurer had been assigned the responsibility of addressing this recommendation.

Risk Assessment Update – 2019 (This item has been moved to another report)

We performed an AUP engagement related to transportation during the 2018-19 year that addressed this recommendation from the AUP Report dated December 6, 2018. We will follow up on this recommendation from that report during the annual risk assessment in the 2019-20 year.

