



**Freed Maxick CPAs, P.C.**

## **Williamsville Central School District**

### ***Risk Assessment and Audit Plan***

**December 16, 2022**

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Audit Committee  
Assistant Superintendent of Finance  
Williamsville Central School District  
105 Casey Road  
Williamsville, New York 14051

Dear Audit Committee:

This report, as expressed in the risk assessment ratings, provides you, the District's management, and the audit committee with the assessment of the need for controls and a means to prioritize risk mitigation efforts. The risk assessment is an initial step in your risk management program of assessing risk, evaluating controls, reviewing control effectiveness, and adapting measures to achieve an acceptable level of risk. The risks noted in the risk assessment should be evaluated in light of your existing policies and practices to identify potential improvements or changes in the control structure based on the level of risk presented. To assist you in establishing review programs for these activities, a potential audit plan and schedule for the internal audits are provided.

We appreciate the opportunity to prepare this risk assessment for Williamsville Central School District and are available to assist you in carrying out other portions of the risk management program including the work plan. We are also available to answer your questions. Please contact Kathryn Barrett at 585-344-1967 or Katelyn Crowley at 716-362-6281.

Sincerely,

  
Freed Maxick CPAs, P.C.

## **Table of Contents**

<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
RESULTS OF REVIEW OF INTERNAL CONTROLS AND CONFERENCE CALLS .....	3
OTHER MATTERS FOR CONSIDERATION .....	5
CORRECTIVE ACTIONS TAKEN ON PREVIOUSLY REPORTED FINDINGS .....	5
<b>RISK ASSESSMENT SUMMARY .....</b>	<b>6</b>
<b>INTERNAL AUDIT PRIORITIES .....</b>	<b>8</b>
<b>BUSINESS RISK ASSESSMENT AND INTERNAL AUDIT STRATEGY .....</b>	<b>9</b>
<b>INTERNAL AUDIT PLAN .....</b>	<b>24</b>
<b>APPENDIX - RISK CATEGORY DEFINITIONS.....</b>	<b>25</b>

## EXECUTIVE SUMMARY

The internal audit function's primary responsibility is to assist the Board of Education in ensuring that control risks are identified and that appropriate internal controls are in place to address those risks. An entity's internal control is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance that assets and District information is adequately safeguarded and reduce the likelihood that errors and/or irregularities could occur and go undetected.

In 2006, the audit committee requested that Freed Maxick CPAs, P.C. perform an initial risk assessment and prepare an internal audit plan for Williamsville Central School District (the District). This report represents an update to the initial risk assessment that was performed for the Williamsville Central School District. It has been updated for all modifications made to the internal controls since the initial risk assessment was performed. This risk assessment and internal audit plan will be used to develop the scope and direction of the internal audit program to be deployed by the District and Freed Maxick CPAs, P.C. during the current fiscal year.

Establishment of a comprehensive internal audit program will enable the District to align its mission and vision with its operational structure and environment, assess risk as it relates to materiality, opportunity, and organizational objectives, control risk mitigation, improve organizational functionality through value-added communication and information resourcing, and vigilantly monitor the effectiveness of internal control to promptly counteract any shortfalls. It can also be used to determine what resources will be needed to complete the identified higher risk internal audits.

Intrinsic in the risk assessment of the Williamsville Central School District is the concept of materiality. Those areas of the District that deal with more significant dollars or a higher volume of transactions will most likely score as higher risk merely due to the dollars and number of transactions passing through those transaction cycles.

The objective of this report is to ensure that Williamsville Central School District has sufficient and continuous internal audit coverage of those areas judged as having a relatively higher risk profile or that otherwise require internal audit attention for regulatory or management reasons.

The scope of the risk assessment and internal audit plan has been reviewed and approved by the Audit Committee of Williamsville Central School District, who in turn has final responsibility and authority for the satisfactory execution of the internal audit plan. The risk assessment and internal audit plan is primarily risk-based and is organized around the District's major internal control cycles. The plan was developed based on detailed interviews with employees, administrative personnel, the results of previous internal and external audits, and our cumulative knowledge of the District's internal control risks.

Our interviews with employees, management and administrative personnel were directed toward gaining a thorough understanding of the objectives and related risks in each internal control area, from the perspective of the individuals responsible for controlling such risks. Using this information and input, we evaluated the level of risk (low, moderate or high) present in each area; across a standard spectrum of risk categories (see Appendix for risk category definitions). A summary of this risk analysis by control cycle is included subsequently. The risk assessment process also drives the planned scope of the internal audit coverage, which is summarized by internal control area. **Information noted in bold blue type represents changes to the District's internal controls since the last risk assessment due to changes in processes or additional information obtained.**

District administration and the Audit Committee are responsible for establishing and maintaining effective internal control. Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## RESULTS OF REVIEW OF INTERNAL CONTROLS AND CONFERENCE CALLS

### General Ledger/ Bank Accounts:

- ◆ As discussed in last year's risk assessment, we noted the following:
  - The District has not performed a general search of local banks since 2017, other than Board approve banks, confirming no unauthorized accounts are utilizing the District's Entity Identification Number (EIN). There is a risk that administrators or other outside organizations may have opened accounts utilizing the District's EIN. We recommended the District consider contacting local banks every 5-10 years and ask that they provide the District with a listing of all accounts under their EIN. Any unauthorized accounts should be investigated, and corrective action taken as needed.

*Management Response: The District will complete a general search of local banks that will seek to confirm there are no opened accounts using our EIN by June 30, 2023.*

### Information Technology:

- ◆ The District currently does not have a full Business Continuity Plan (BCP) in place but does have a Disaster Recovery plan. The BCP is a plan used by the District to ensure that the business operations continue during an event, emergency, or even a disaster. The development of the BCP usually involves a Business Impact Analysis (BIA) to measure the use, utility, or need of each system to remain running during an event, emergency, or disaster. The BCP is then developed to include items such as: (1) a listing of systems and their criticality; (2) definitions or examples of "events", "emergencies", or "disasters"; and (3) detailed plans to continue business or restore business should any of these types of events occur. The District may develop this plan with BOCES, as BOCES generally provide some level of business continuity for the District during an event, emergency, or disaster. We recommend that the District work toward creating a Business Continuity Plan.

*Management Response: The District will complete a Business Continuity Plan (BCP) with consultants by June 30, 2024.*

- ◆ As discussed in last year's risk assessment, we noted the following:
  - We noted that although employees responsible for IT functions understand their role, responsibilities, and the processes that are to be followed to ensure the District's IT functions operate properly, during our risk assessment we noted many process areas were not well documented and did not clearly communicate to employees responsible for IT functions management's expectations. Formally documented standards for various IT processes helps to ensure employees are aware of their responsibilities related to IT processes and management's intentions regarding implementing those responsibilities. Formal documentation for each IT process should exist. The following are areas where formal documentation could be improved:
    - Change Management Policy and Procedures
    - Patch Management Policy and Procedures
    - Remote Access Policy
    - Asset Management Policy
    - Backup & Recovery Policy and Procedures
    - Password Management Policy
    - Physical Security Management Policy

We recommended the District continue to formally document all IT processes to the extent necessary

to ensure employees responsible for IT functions understand their roles and responsibilities, have a consistent process to follow and that the process has been established is consistent with management's expectations. Once these policies and procedures are documented, they should be reviewed at least annually for any updates that are required.

*Management Response: The District is documenting the above items with both internal and consultant resources. The District will complete this documentation by June 30, 2024.*

- ◆ As discussed in last year's risk assessment, we noted the following:
- The District currently does not have a comprehensive cybersecurity program, which would include annual training of employees around data privacy and security awareness as it relates to complying with Ed Law 2-d. Management has implemented policies and procedures that are in compliance with Ed Law 2-d including privacy and security of data, appointing of a data privacy officer, and documenting the District's and third-party contractors' responsibilities regarding data privacy and security. However, the District has not implemented a formal annual training of employees regarding data privacy and security awareness as part of the Ed Law 2-d compliance. Freed Maxick recommends the District implement this training as soon as possible to be compliant with Ed Law 2-d.
  - User access is not reviewed for all networks and systems which may lead to unauthorized individuals being able to access the systems without being detected. Periodic access reviews are critical to identify if the access provided is commensurate with the user's job responsibilities. An access review can be used to detect scenarios such as: (1) a user with too much unneeded access; (2) a user that has been separated/ terminated from the organization; or (3) a user that has conflicting access that can potentially commit fraud (segregation of duties). Freed Maxick recommended access rights be reviewed at least annually to ensure access to individual modules is appropriate. Upon inquiry, it was noted that the IT department will review the access to the WinCap system annually to confirm terminations has their access removed.

*Management Response: The Williamsville Central School District is actively engaged in compliance activities related to Ed Law 2-d. The District works with Erie 1 BOCES in third party contractor responsibilities and this aspect of the Ed Law 2-d has been satisfied. The District also has a DPO who is overseeing Ed Law 2-d compliance. The recommendations listed in this technology note are not unique to the Williamsville Central School District. They are common issues faced by all school districts. However, the District's Director of Technology is addressing each item in a systematic and progressive plan. The District is also allocating additional financial resources to change, document, and improve our cybersecurity engagement plan. The District's cybersecurity program will be implemented by April 1, 2024. The District's Ed Law 2-d compliance will be implemented by January 31, 2024.*



## **OTHER MATTERS FOR CONSIDERATION**

**Information Technology** – In previous years’ risk assessments, we noted that teachers have the ability to upload programs and software onto their computers with prior permission from IT. Though the process requires that teachers formally request uploads with IT via the Williamsville Information Tracking System (WITS), the process itself does not prevent the teachers from circumventing the process. The District has reviewed the process on restricting downloads and removed the ability for teachers to install software via USB; but has not been able to implement a process that would prevent a user from downloading unapproved software via the internet and also not impede software updates from previously approved software uploads. Due to the restrictions that would need to be implemented to restrict downloads via the internet, we have removed this issue from the findings listing. The District has removed the USB access for installing software and is proactive in training users to request programs and software via WITS, thus this is merely a system limitation at this time.

**Information Technology** – We noted during our risk assessment review that the District does not currently have multi-factor authentication (MFA) for VPN access to the network. The District does have plans to implement MFA during the 2023-2024 school year. Being that there is already a remediation plan in place, we have added this to other matters for consideration as to not lose sight of the remediation of MFA.

**Information Technology** – We noted during our risk assessment that District personnel do not perform internal vulnerability and penetration testing on a regular basis but does employ a carbon black monitoring system that performs continuous vulnerability scans including viruses, breaches, and inappropriate access to the District’s network. This system has caught and brought vulnerabilities to the attention of IT staff in the past and we believe the system is a good tool for monitoring. Some limitations to consider with this system is that the system is not implemented on all ports/ endpoints that can access the District network and that the system may miss vulnerabilities that do not meet the rules criteria set within the system.

## **CORRECTIVE ACTIONS TAKEN ON PREVIOUSLY REPORTED FINDINGS**

**Fuel Depot** – Previously, we noted that the passwords for the GasBoy system did not follow the National Institute of Standards and Technology (NIST) guidelines regarding expiration. The District has since upgraded the GasBoy system and established expiration requirements for the passwords that align with NIST.



## RISK ASSESSMENT SUMMARY

Risk Factors>>> (Definitions of the Risk Categories can be found in the Appendix)	Inherent Risk Factors								Control Risk Factors					Current Year Risk Score	Current Year Rating		Prior Year Risk Score
	Ext Mkt Rep	Financial	Operational	Legal/Regulatory	Strategic	Tech/System	People/Culture	Fraud	Monitoring	Info/Communications	Control Activities	Risk Assessment	Control Enviro.				
Budgeting, Governance and Reporting	L	H	L	L	M	L	L	L	S	S	S	S	S	232	2		220
State Aid	L	M	L	L	L	L	L	L	S	S	S	S	S	212	5		212
STAC Processing	L	L	L	L	L	L	L	L	S	S	S	S	S	200	8		200
Medicaid Billing	L	L	L	L	L	L	L	L	S	S	S	S	S	200	9		200
Grants	L	L	L	L	L	L	L	L	S	S	S	S	S	200	10		200
Centralized Cash Receipts	L	L	L	L	L	L	L	L	S	S	S	S	S	200	11		200
Community Education Cash Receipts	L	L	L	L	L	L	L	L	S	S	S	S	S	200	12		200
School Lunch Cash Receipts	L	L	L	L	L	L	L	L	S	S	S	S	S	200	13		213
Purchasing and Cash Disbursements	L	H	L	L	L	L	L	L	S	S	S	S	S	224	3		224
Purchase Cards	L	L	L	L	L	L	L	L	S	S	S	S	S	200	14		200
Payroll Processing	L	H	L	L	L	L	L	L	S	S	S	S	S	224	4		224
Employee Benefits and Paid Time Off	L	M	L	L	L	L	L	L	S	S	S	S	S	212	6		212
General Ledger Maintenance	L	L	L	L	L	L	L	L	S	S	S	S	S	200	15		200
ACH and Wire Transfers	L	L	L	L	L	L	L	L	S	S	S	S	S	200	16		200
Fixed Assets	L	L	M	L	L	L	L	L	S	S	S	S	S	210	7		200
Fuel Depot	L	L	L	L	L	L	L	L	S	S	S	S	S	200	17		215

**RISK ASSESSMENT SUMMARY (CONTINUED)**

	Inherent Risk Factors									Control Risk Factors									
Risk Factors>>> (Definitions of the Risk Categories can be found in the Appendix)	Continuance of Business	Communications/Network	Business Units Served	Complexity of Env.	Staffing	Availability/Response	Computing Platform	Information Sensitivity		Monitoring	Info/Communications	Control Activities	Risk Assessment	Control Enviro.		Current Year Risk Score	Current Year Rating		Prior Year Risk Score
Information Technology	L	L	L	L	L	L	L	M		M	S	M	S	M		280	1		260

## **RISK ASSESSMENT SUMMARY**

### **INTERNAL AUDIT PRIORITIES**

Based on this risk assessment the following areas have been identified as high-risk relative to the current fiscal environment and internal controls that existed at the time of our risk assessment. We recommend the Audit Committee consider selecting for internal audit at least one of the areas identified below:

- ◆ Information Technology – Information Technology was identified as an area of higher risk and priority for internal audit consideration due to the relative importance of technology in the District's operations and general cybersecurity risks that currently exist impacting all industries. The internal audit will include social engineering; a review of current policies, access management, system maintenance, logging and monitoring, technology controls and wireless access and network controls; and internal and external vulnerability assessment. This area was last audited in 2020.
- ◆ Budget, Governance and Reporting - Because of the financial risks budget and reporting practices could have on a district this has been identified as an area of higher risk. We will review the budget process and historical budget to actual data to gain comfort that the budgets developed by the BOCES are reasonable. We will verify budget amendments against service change requests completed and submitted by the component and districts. This area was last audited in 2021.
- ◆ Purchasing and Cash Disbursements - Due to the financial impact of purchasing and cash disbursements for school districts in general and the volume of activity, this area has been identified as an area of higher risk within the District. We will include selection and testing of cash disbursements from throughout the District to verify that the purchases were reasonable and necessary, were properly approved, and there were available appropriations. We will also verify that all District purchasing policies and internal controls have been followed and that the transaction was supported by appropriate bid or quote information. Since this area is being tested concurrently with the performance of this risk assessment, we do not recommend an internal audit of this area in the near term pending the results of the current internal audit. This area was last audited in 2019.
- ◆ Payroll – Due to the financial impact associated with payroll for school districts in general, the volume of transactions and transition within the department, this area has been identified as an area of higher risk within the District. We will test payroll registers for selected employees to verify that employees listed are employed by the District and are paid in accordance with their contract. We will test hourly employees to verify that the hours paid are supported by time sheets and that the time sheets have been approved by a supervisor and that they have been paid the correct rates. This area will be audited in 2023.
- ◆ Fuel Depot – Due to the lack of performance of periodic inventories of the District's fixed assets, this area has been identified as being of higher risk within the District. We will review the District's policies and procedures for identifying assets to be added or removed from the inventory listing maintained by the District. We will also perform a physical inventory of all assets that are at higher risk of being lost or stolen.

## **BUSINESS RISK ASSESSMENT AND INTERNAL AUDIT STRATEGY**

### **BUDGETING AND REPORTING**

Various employees of the District provide input in the annual budget prepared by the Assistant Superintendent of Finance. The budget is presented, modified, and eventually approved by management, the Board, and ultimately the voters of the District. The budget outlines the financial goals and objectives of the District for the year. In the current tax cap environment, budgeting and long-range planning have become critical to maintaining a District's fiscal health without significant reductions in programs. The District has developed a five-year long-term projection of revenue and appropriations to assist the Board in evaluating the current and future budgets.

The Assistant Superintendent of Finance is responsible for accumulating the budget information for all schools and departments. The appropriations budget for the current year is developed based on anticipated appropriations for the subsequent two years.

The revenue budget is prepared by the Assistant Superintendent of Finance based on initial state aid projections provided by the Governor's office. Initial aid projections for transportation and BOCES aid may be revised based on prior year's expenditures (BOCES aid) and current year budgeted expenditures (transportation aid) multiplied by the District's aid ratio. Management is carefully evaluating building aid and considering new projects to sustain building aid at a consistent level.

Revenue sources other than state aid and property taxes are budgeted based on historical results. The Assistant Superintendent of Finance is responsible for calculating the tax cap.

The budget is presented to voters in mid-May and voting occurs on the third Tuesday in May.

Budget reports that compare actual expenses to budget are provided to the Board of Education monthly.

This area was last tested in 2021.

### **GOVERNANCE**

The District has a Code of Conduct/Ethics policy and a Whistleblower policy. These and other policies are provided to all employees in their employee handbook and are reviewed with staff during staff training in the fall. Staff are required to electronically sign off on the policies annually.

The District's **Policies and procedures were most recently reviewed and updated as necessary in 2022** ~~policy manual was updated by the Board in 2010 and their procedure manual was updated in 2011.~~ The District subscribes to BOCES policy services and receives policy updates throughout the school year. Specific policies are typically updated by the Board of Education several times during the year and new policies are adopted as necessary.

Governance and Fiscal Board training is available to all members and is provided through BOCES. New members are required to complete mandatory trainings within their first year and the District Clerk keeps proof of completion on file.

This area was last tested in 2012.

## **STATE AID**

State aid consists of many component areas. Those areas include the following:

- ◆ Foundation aid - calculated by the state based on information provided by the District.
- ◆ Per capita aid (library, textbook, hardware and software aid) - based on pupil counts times a state derived rate.
- ◆ Building aid - are based on debt service payments times an aid ratio.
- ◆ Transportation aid - based on costs associated with providing transportation services times an aid ratio.
- ◆ BOCES aid - based on previous year's BOCES expenditures times an aid ratio.

Aids are calculated by the state based on information provided by the District. The Business Manager prepares the ST-3 primarily via download of audited WinCap information. Attendance information is generated by the classroom teacher and input into eSchool. Attendance data utilized in state aid calculations is based on eSchool data and reports. Attendance information is reviewed for accuracy by the Assistant Superintendent for Exceptional Education and Student Services. The State Education Department reviews the submission of the ST-3 for accuracy.

The Assistant Superintendent of Finance reviews the state aid calculations for reasonableness based on information provided by various resources. This individual does not have access to state aid receipts as these are received through an ACH transaction. State aid is monitored by management for any unexpected changes. Output reports are monitored quarterly for any significant changes and the full report is printed out quarterly. Management's state aid estimates have been consistent with the actual amount of state aid received.

This area was last tested in 2018.

## **STAC PROCESSING**

STAC forms are submitted based on Individualized Education Programs (IEPs) developed by the Committee on Special Education (CSE) Office. Students can receive services through outside private agencies, BOCES, or can receive in-district services. The service provider will be identified on the IEP along with all services to be provided and the frequency of the services.

The CSE Secretary completes and files the STACs for all Agency placements. The District utilizes Management Advisory Group (MAG) to calculate student costs, file STACs, and complete Automated Voucher Listings (AVLs) in the following year for all students other than Agency placements. The CSE Office provides MAG with a list of students likely to exceed the District's qualifier and the services the students receive. The Business Office will provide MAG with the cost information for these students (salaries and benefits for aids and related service providers, class sizes, BOCES service costs, etc). MAG calculates the costs per student based on salary and other cost information provided by the District and enters the STACs online with the State Education Department STAC Unit. MAG has access to Frontline, so they are aware of the services provided to the students and the frequency of the services.

The CSE Department will monitor the Gold Star Report and report of unverified students to ensure all STACs have been submitted and approved by the State Education Department. MAG will periodically review student's STAC'd costs with the CSE Department. The CSE Department and the Business Office also meet regularly to review the STAC process.

The District meets twice a year with MAG to verify that the information that is required for claiming revenue for applicable services under the STAC process is being transmitted correctly and on a timely basis. These meetings review both MAG and the District's processing procedures. If necessary, procedural adjustments are made to one or both entities in order to maximize the revenue in this area. Also, at these meetings, special education personnel will review with MAG the calculation of student costs they are using in their submissions of the STACs to SED.

The following fall, the special education office and the Assistant Superintendent for Exceptional Education and Student Services will review the AVL's prepared by MAG to ensure all students have been STAC'd and the STAC'd costs are within reason. The District submits the AVL with updated cost information.

## **MEDICAID PROCESSING**

The District uses Management Advisory Group (MAG), a private agency, to process Medicaid claims. The Teacher on Special Assignment, the Assistant Superintendent of Exceptional Education and Student Services, the Assistant Superintendent of Finance, and MAG monitor the process.

The Assistant Superintendent of Finance, Teacher on Special Assignment, the Assistant Superintendent of Exceptional Education and Student Services and clerical personnel (PPS Secretary) are responsible for Medicaid processing and are aware of the Medicaid requirements, including the documentation requirements and timeframes for maintaining information (6 years). The providers must have certain credentials in order to claim their services and subsequently, if they fail to obtain or submit verification of these credentials, the claim is not eligible for Medicaid reimbursement. Providers utilized by the District have received a National Provider Identifier or license number and all relevant employees have participated in the Annual Compliance Training Program. The Medicaid Relevant Employees list is prepared on an annual basis and submitted to NYS.

After an initial eligibility meeting, the PPS Secretary sends out consent letters to Medicaid eligible students to obtain the parent's consent for newly eligible students to submit Medicaid claims. This form also requests the student's Client Identification Number (CIN). Additionally, students who transfer into the District with an IEP are sent the same parental consent form. The process of securing parental consent is often difficult. A one-time consent is required, and the District must provide an annual notification to the parents.

If there is a referral for a service, the District must obtain a prescription, which includes a medical diagnosis and is signed by the student's doctor. Licensed Speech Language Pathologists are able to write their own referrals. Certified Occupational Therapist Assistants (COTA) who provide services must be "under the direction" of Occupational Therapists who are registered and licensed by New York State. The District must document student contacts and the service provider must countersign all claims/ progress notes. For transportation, a "modified" bus must be used for the service to be claimed, the costs must be obtained and detailed on a monthly basis.

Once all the information is obtained by the District, it is given to MAG to review and ensure proper documentation has been completed prior to submitting claims. If information is missing, the documentation is returned to the District by MAG.

The District meets twice a year with MAG to verify that the information that is required for claiming revenue for applicable services under the Medicaid process is being transmitted correctly and on a timely basis. These meetings review both MAG and the District's processing procedures. If necessary, procedural adjustments are made to one or both entities in order to maximize the revenue in this area.

The District will monitor the efficiency and effectiveness of services provided by MAG. The District also uses Frontline, which MAG has access to.

The District participates in the "Random Moment in Time" study and the Business Manager and Assistant Superintendent of Finance prepare and submit the annual Cost Study.

MAG will monitor the Medicaid website to ensure the claims have been properly processed. The Assistant Superintendent of Finance and Teacher on Special Assignment will also review the website to monitor for receipt of payments on claims submitted.

## **GRANTS**

Grant oversight is decentralized with various directors. Budgets are prepared outlining anticipated program expenditures and submitted to SED for approval, with the exception of the UPK Grant. For the UPK Grant, the Assistant Superintendent of Finance or the Business Manager obtains the General Aid Output Report from the SAMs website. The General Aid Output Report includes the District's budget allocation for the District's UPK program. The funding allocation is provided to the UPK Consultant who establishes a budget for the program. All program budgets are provided to the Senior Account Clerk in the Business Office who inputs the budgets into WinCap.

Program budgets are monitored, and draw-down requests are prepared by the Business Office and submitted to the State throughout the year as applicable. Time certifications are completed monthly or semiannually, depending on the employee status (i.e. working full time or part time in the grant program).

Directors appear to be competent and understand grant objectives, perform evaluations of program operations, and monitor results. The District has also implemented a policy under the Uniform Guidance regarding written standards of conduct including conflicts of interests and governing actions of those involved in the grants process. The District has a procedures manual in place for procurement and administration of grants.

Additionally, the District has received ESSER and GEER funds as part of the American Rescue Plan (ARP) funding. These grants require additional monitoring and reporting which is performed by the Assistant Superintendent of Finance, Assistant Superintendent for Exceptional Education and Student Services, and FTE Special Education Coordinator. Meetings are held to assess the progress of initiatives and where the District is with the budget. Any necessary adjustments/ amendments are discussed and made. Budget for the spending is maintained on the District's website.

## **CENTRALIZED CASH RECEIPTS**

Property tax bills are prepared by the County based on the tax records maintained by the Town assessor's office. The Town mails the property tax bills, collects and processes the payments, and collections are wired at least weekly to the District's bank account. The District Treasurer receives a receipt of deposits made by the Town Tax Collector and reconciles them to the District's bank account. The Town prepares the report of uncollected taxes. This report is reviewed by the District Treasurer and the Business Manager at the District and is reconciled to the tax warrant and the tax payments remitted to the District by the Town.

The most significant cash receipts are received by check or ACH transfer. Actual cash collections at the District are less than \$5,000 annually and consist primarily of admissions to athletic events and student



fees. Processing receipts is primarily centrally located in the Business Office. The District utilizes a Remote Deposit Capture (RDC) system whereby checks received by the District are scanned and transmitted to the bank for deposit.

All receipts are received by the Business Manager's Secretary who enters the receipts on a cash receipts spreadsheet. For student fees, the Business Office will receive a control sheet from the school of the amounts collected along with the cash collected. Individual receipts are issued by the school to those paying the student fees. However, the individual receipts are maintained at the school. A receipt is provided to the school from the business office of the total amount remitted. The Business Manager verifies bank deposits against the cash receipts spreadsheet on a quarterly basis.

For admissions, the business office will receive a report of the cash collected, which was reconciled by the athletic department with the first and last ticket numbers sold. A teacher or parent oversees the cash collection at the event. A receipt is provided to the school from the business office of the total amount remitted for the event. The District uses an electronic ticketing system, TicketRoar. This is a ticketing system developed specifically for schools and allows for online ticket purchases or credit card purchases at the gate. The full gate management system allows the District to sell, print and track all ticket sales.

The District Treasurer enters all receipts collected by the District, including ACH deposits, into WinCap and prints a two-part receipt. The school lunch account clerk records revenue from school lunch into WinCap. One copy of the receipt is matched to the back-up documentation by the District Treasurer. The other copy is sent to the appropriate school/ department. Checks received are scanned into the RDC system which cancels the check. All cash received is deposited in the bank daily. State aid payments are received as ACH transfers. The District Treasurer will print the remittance and enter the receipt into WinCap.

Once the bank statements are received, the Senior Account Clerk will reconcile the deposits to the cash receipt spreadsheet maintained by the District Treasurer. An Account Clerk in the Business office reconciles the bank statements to the General Ledger and performs the bank reconciliations. The Business Manager will periodically reconcile the cash log to the bank deposits.

The District utilizes the accounts receivable module of WinCap. A Business Office Secretary enters the receivable (except for retiree health insurance) into WinCap (invoices for PILOTs, building use, health services, tuition, etc.). Receivable balances are monitored by the Business Manager. The Business Manager is the only individual who can write off uncollectible receivables.

Employees processing receipts appear to be adequately trained. Cash receipt function is segregated from the cash disbursement function. Revenue is monitored on a consistent basis by management.

This area was last tested in 2020.

## **COMMUNITY EDUCATION CASH RECEIPTS**

Programs are generally offered three times per year: fall, winter/ spring, and summer. The District distributes catalogs of classes for each of these "semesters". Direct and indirect costs are calculated by program, total revenue to cover program costs is calculated and a student break even analysis is completed for every program. The District resumed offering classes in Summer 2021 after COVID-19 restrictions were lifted.

Most of the revenue collected is by check, credit card or online e-pay, **with very limited cash or checks being collected**. Course fees are collected at the time students are registered for programs. Advance registration is required. The District utilizes the Lumens Registration System to monitor and track registrations. Payments are not accepted by the instructors. Instructors are provided with rosters that serve as a sign-in sheet for all students who are registered for the class.

Cash and check payments are forwarded to the Business Office at least weekly depending on the registration activity. Daily, the Director of Community Education will print a check and cash payment report from the online registration system and reconcile it to the cash and checks on hand. Any cash and/or checks not forwarded to the Business Office for deposit are locked in the secure check printing room. The District Treasurer arranges for the deposit to be transported by courier to M&T Bank and posts the cash receipt entries. The District Treasurer reconciles the deposits per the Lumens Registration System to the bank statement at the end of the month.

Refunds to students for other than credit card payments are processed through Accounts Payable and require a Claim Form. Credit card refunds are processed by the Community Education Office. Community Education Clerks can only process credit card refunds to the same credit card account. Employees do not have access to the credit card number, which is embedded in the Lumens software. For the Spring 2020 class cancellations, most students opted for a voucher to attend classes in the future and the District did not have to process many refunds. Programs resumed in the Summer 2021 and most families used the District vouchers previously issued.

Generally, instructors are paid once the class is complete and they return the class sign-in sheet to the Community Education Office. The Community Education Director monitors classes to ensure only paid students are in attendance and monitors registration statistics.

## **SCHOOL LUNCH CASH RECEIPTS**

School lunch cash receipts consist of cash, checks and online payments through MySchoolBucks.com. There is a higher frequency of cash collected than any other area within the District. The District uses the NutriKids point of sale (POS) system in all schools. Williamsville also provides school lunch services to Summit, a separate educational institution. The receipt process is very routine and easy to operate and is visible to all in the cafeteria.

Cash drawers are counted by the cashiers (blind cash count) with the cash tally documented on a yellow Cash Tally Sheet. The information is entered from the cash tally sheet into the NutriKids system by the cashier. The cash collected is then forwarded to the School Lunch Manager, who will double count the cash with the cashier, completes a deposit slip and locks the receipts and deposit slip in a bank bag. The daily cash receipts are locked in a safe in the Child Nutrition Department until picked up by the District Courier. Custody of cash receipts is carefully logged. Cash and checks are taken to the bank daily by the District Courier.

Cash drawers are reconciled daily to cash receipt information from NutriKids by the Cafeteria Managers. Discrepancies of more than \$5 are investigated and cash over/shorts are generally nominal. Daily, the Child Nutrition Director will upload data from NutriKids and review the daily sales for any unusual activity. She reviews the voided/cancelled transactions report monthly and follows up on any discrepancies. The lunch support staff provides the District Treasurer with a daily summary of the sales by building. The

District Treasurer enters the sales into WinCap daily. On a monthly basis, the District Treasurer will reconcile the daily sales information received from the lunch program support staff to the bank deposit receipts and the bank statements. Schools occasionally reconcile production reports school lunch sales.

Free and reduced lunch applications are reviewed by the Child Nutrition staff then entered into the NutriKids system. The Child Nutrition Director prints the monthly report of free and reduced lunches from NutriKids and prepares the claim form online. The claim information is verified by a Manager prior to the submission of the claim. The Child Nutrition Director audits a sample of free and reduced lunch applications in accordance with government regulations.

~~Due to the COVID-19 pandemic, school lunch cash receipts have been minimal as the District is offering free meals to students of the District and children of the community through the NYS program. Vending machines have also been locked and shut down since the beginning of March 2020 to reduce the spread of the virus and no cash receipts have been collected from the machines. Free lunch for students is slated to end June 30, 2022 based on the NYS program details.~~ **The District returned to pre-COVID operations effective 7/2/2022.**

## **PURCHASING AND CASH DISBURSEMENTS**

Electronic requisitions are prepared by employees or department secretaries primarily for supplies, conferences, contractual expenditures, or other purchases that can be planned. Supervisors and the Purchasing Agent review all electronic requisitions to ensure the purchase is reasonable and necessary for the District and will verify it is accompanied by appropriate quote or bid information. If there are not available appropriations, then the supervisor must request a budget transfer in advance of processing the requisition. Once a requisition is approved by the Purchasing Agent, it is converted to a purchase order and mailed to the vendor. All purchases in excess of \$25,000 are verified against the SAMS website to ensure the vendor has not been suspended or disbarred.

There is a New Vendor Request Form that must be approved by the Purchasing Agent in advance of new vendors being input to the WinCap system by the Purchasing Secretary. The Purchasing Secretary and the Purchasing Agent are the only staff who can input new vendors into WinCap. She also ensures a Form W-9 is obtained for all new vendors and verifies the legitimacy of the vendor. Claim forms are used for reimbursements of mileage, payments to sport officials, etc. Claim forms are approved by supervisors prior to submission to the Business Office for processing. Expenditures that are not reasonable and necessary for the District will not be reimbursed. Claim forms are approved by the Business Manager.

Once the invoice is received by the purchasing department, it is matched to the signed receiving copy of the purchase order and processed for payment. Invoices are batched processed daily. Once the invoices are entered into WinCap, the batch total is compared to a tape of the invoices entered.

Checks are processed every two weeks by the Accounts Payable Clerks. The Accounts Payable Clerks have access to the Treasurer's signature through WinCap. The Treasurer's signature is password protected, and only the Accounts Payable and Payroll Clerks have access to the password. WinCap tracks all checks printed and who printed the check. Passwords are required to be changed every 180 days and cannot be reused. Checks are printed in a secured check printing room. Only the Accounts Payable Clerks, Payroll Supervisor, Business Manager and Assistant Superintendent of Finance have access to the check

printing room. A key fob is required to enter the check printing room, and all entries into the room are tracked by the District's security system.

Cash disbursement functions are segregated from purchasing functions. Purchasing and the subsequent cash disbursement are processed through many levels of approval prior to the issuance of checks. Cash disbursements are monitored by management on a regular basis through the budget, and they are subject to audit by the Claims Auditor.

The District has outsourced the claims audit function to an independent CPA firm. The Claims Auditor audits all claims of the District after the checks are printed but before they are mailed. Once the claims are audited and approved for payment, the checks are mailed. The Claims Auditor prepares a monthly report for the Board of all exceptions noted from their audit of the claims and meets with the Board on an annual basis.

Effective December 2016, the District implemented a supplier payment system with M&T Bank. The District currently has approximately 100 vendors utilizing the supplier payment system.

This area was last tested in 2019.

## **PURCHASE CARDS**

Purchase cards are made available to each building principal and various other departments within the District for minor purchases. The District has approximately 40 Visa purchase cards. Purchase cards are used for a majority of the purchases made by the Facilities and Transportation Departments and by other departments/ buildings who use local stores that do not accept purchase orders. Each purchase card is established with a predetermined single transaction limit and monthly limit. The cards are also established with predetermined purchase codes which essentially limit their use to certain stores.

Each department/ building maintains a log of who used the card and the amount purchased. Users are required to submit receipts to the department/ building when returning the cards. There are various levels of approval of the individual transactions on each card but after the purchases are made. The cardholders reconcile the purchase card transactions to the corresponding receipts and statements online and enter the appropriate budget code for each purchase. Then the building Principal or Department Supervisor will review each transaction and the online reconciliation and sign the statements. The statements are then forwarded to the Purchasing Agent who reviews the statements and ensures the online reconciliation was properly completed. The receipts are forwarded to the Purchasing Agent upon reconciliation of the statement by the department/building.

The Purchasing Agent audits 10% of the transactions each month (approximately 15 - 20 transactions) to the individual receipts to ensure the purchase was appropriate, the purchase was charged to the correct budget code, and that the receipt has been retained. The Claims Auditor reviews the results of the Purchasing Agent's audit on a quarterly basis.

Activation of new cards and the final reconciliation and approval of all purchase card transactions is limited to the Purchasing Agent. A user manual for the purchase card system is available. Posting of the transactions to the general ledger is an import/export process. The online purchase card reconciliation is

downloaded into Excel from the bank and then uploaded to the WinCap general ledger. This area was last tested in 2019.

## **PAYROLL**

Payroll data files are updated daily for employee additions, deletions, changes to withholdings, salary, etc. Only employees within the Human Resources Department have the ability to add new employees to the WinCap system and are not responsible for any phase of payroll processing. Human Resources and the Payroll Department have edit rights to salary information except they cannot edit their own personnel data.

The processing of data files is routine and appears to be maintained by experienced employees. The most significant updates occur when new contracts are approved and salary schedules under the new contracts are entered and when payroll and tax tables are updated annually for all contract employees. The Payroll Department updates the salary tables which are reviewed by the Human Resources Department for accuracy. After the annual salary updates are processed, salary notices are generated for all employees. The salary notices are reviewed by a supervisor for accuracy and are required to be signed and returned by the employee.

Payroll processing includes processing all contract salaried employees, hourly employees, and all payroll claim forms. Payroll is processed and paid on a biweekly basis. Processing is routine, but the entry of payroll for hourly employees and various claim forms is labor intensive. For hourly employees, the individual departments collect employee time sheets, summarize the time sheets and forward the time sheet summaries to the payroll department for processing. The individual employee time sheets are retained by the departments. The payroll department will verify substitute hours and attendance information to reports produced by the Frontline system.

The Payroll Supervisor at the District will produce various edit reports after the payroll is entered and prior to posting to ensure accuracy and to review the payroll for any unusual transactions. Once the payroll is reviewed and approved by the Payroll Supervisor, it is posted to the general ledger, and the checks and direct deposit vouchers are printed.

The Assistant Superintendent for Human Resources is responsible for reviewing the payroll for unusual amounts or changes and signs the payroll change report denoting their review and approval.

The Payroll Clerks have access to the Treasurer's signature through WinCap. The District Treasurer's signature is password protected, and only the Accounts Payable and Payroll Clerks have access to the password. WinCap tracks all checks printed and who printed the check. Checks and direct deposit vouchers are printed in a secured check printing room. Only the Accounts Payable Clerks, Payroll Supervisor, Business Manager and Assistant Superintendent of Finance have access to the check printing room. A key fob is required to enter the check printing room, and all entries into the room are tracked by the District's security system.

This area will be tested in 2023.

## **EMPLOYEE BENEFITS AND PAID TIME OFF**

### Paid Time Off:

Paid time off (PTO) benefits are provided for in employment contracts and are well documented, monitored, and managed. Non-certified employees (non-teaching) complete Time Off Request forms and have them approved by their Supervisor. The forms are then forwarded to the Time and Attendance Clerk in their building who verifies the employee has the time available and inputs the information in the attendance module of WinCap. The Time and Attendance Clerks will follow up on any missing Time Off Request forms at the time of the absence. Certified employees use the Frontline online system for requesting time off where the request is entered online by the employee and must be approved electronically by their Supervisor.

Once approved, the request is then interfaced with WinCap to update the employee's accruals for vacation, sick, and/or personal days.

### Health Insurance:

The District is the only participant in the Williamsville Teachers' Association (WTA) Benefits Trust run by the WTA Union. It is not available to other employees of the District (clerical, maintenance, bus drivers, etc.). The Trust is self-funded. There are 5 trustees that manage the Trust. The District's funding of the Trust is based on union contracts. The District funds the Trust monthly based on a **contractual percentage** 87.5% of the District's projected actual cost of health insurance for active employees. The remainder of the premium is paid by the employees through payroll deductions. The District remits both the employer and employee portion of the premium to the Trust on a monthly basis. On a monthly basis, a clerk in the Human Resources office will reconcile the amount billed by the Trust to the District's contribution plus the employee contributions. The District does not have financial responsibility for the Trust. The Trust is audited on an annual basis, and the claim liability is actuarially determined.

For non-teaching employees, health insurance is self-funded through Independent Health. Premiums are based on claims plus an administrative fee.

The Benefits Clerk will review payroll deduction reports and will spot check deductions to ensure they are correct and performs semi-annual audits to verify the insurance bill, by group, to WinCap deduction reports for all employees. The Benefit Clerk also performs a monthly reconciliation of the insurance invoice to the previous month's bill plus all changes.

The District has contracted with Seneca Consulting Group ("SCG") to assist with compliance with the Affordable Care Act.

### Retiree Health Insurance:

The District offers two plans to retirees plus employee paid health insurance. Williamsville Administrators Association and Williamsville Coordinator Association employees may participate in a Universal Reimbursement Account or Insurance Premium Reimbursement Account. The Universal Reimbursement Account is funded by the District based on contractual provisions for reimbursement of post-employment medical, dental, vision and/or qualified insurance premiums. The Insurance Premium Reimbursement Account is funded by the District upon conversion of employee accumulated vacation or sick days at contractually provided rates.



Retirees may pay for post-employment health insurance through conversion of accumulated vacation and sick days or payment of monthly premiums to the District once the conversion of accumulated vacation and sick days has been exhausted. Accumulated sick leave is used for payment of the retiree's health insurance premiums and is tracked in WinCap.

403B/NYS 457 Plan:

Employees have the option of contributing to a 403b Plan, which is administered by the OMNI Group or a NYS 457 Plan. The employee completes an application online including the percentage they want withdrawn every paycheck. Once OMNI receives the application for the 403b Plan, they will input the employee's information into their system and send an OMNI Changes/Approved Report or confirmation to the Payroll Clerk, listing the effective date, employee name and social security number, fund name, percentage of salary to be deducted, and the maximum amount they are allowed to contribute for the year.

The application for the NYS 457 plan is sent to the NYS Deferred Compensation Plan. The Payroll Clerk will input the information to WinCap to begin the deductions. After every payroll, a detailed 403b and NYS 457 Deduction Reports are generated from WinCap indicating the amount withheld from employee's paycheck. The Payroll Clerk verifies the detailed report to the WinCap Payroll Deduction Reports to ensure they agree. Once they agree, the detailed report is sent to OMNI or the NYS Deferred Compensation Plan through a secure website. The District Treasurer will complete ACH withdrawals from the District's bank account for the amount shown on the reports and remit the funds to OMNI and NYS. The District Treasurer will print a copy of the wire and subsequently verify the transfers against the bank statement.

Flex Spending and Health Savings Accounts:

The District offers flexible spending accounts for dependent care and health care expenses and Health Savings accounts for other health related costs. The plans are administered by P&A Administrative Services who monitors contributions, claims, and payouts. The employees complete an application and submits it to Human Resources Account Clerk with the amount they want deducted from each paycheck. The Benefit Clerk maintains a spreadsheet of year-to-date contributions and compares it to payroll reports provided by the Payroll Clerk. Contributions are reported as a liability in the Special Revenue Account in WinCap. The spreadsheet is forwarded to P&A Administrative Services to update their records. As employees incur expenses, they submit a claim with the appropriate receipts to P&A Administrative Services or utilize a debit card to pay for these costs. Once a claim is received and verified, P&A Administrative Services will remit a check to the employee (if the expense is paid by the employee), sends a report to the Treasurer of all claims paid, and the District Treasurer releases an ACH payment to P&A Administrators for the claims paid.

ERS and TRS:

Employees complete an application to participate in the Employee Retirement System (ERS) or the Teacher Retirement System (TRS) and forward to the Payroll Clerk. The Payroll Clerk sends the applications to ERS or TRS and receives a notification as to when the payroll deductions can begin. Once the information has been input to WinCap, monthly reports are sent to ERS/TRS of employee contributions. ERS will complete an electronic withdrawal from the District's bank account on a monthly basis for the employee's contributions and then invoices the District at the end of the fiscal year for the District's portion of contributions for the year. TRS will subtract the employee's and the District's portion of the contributions from state aid received throughout the year.

The health benefit trust was last tested in 2011.



## **GENERAL LEDGER MAINTENANCE**

General ledger activity is updated frequently to ensure the accounting system, WinCap, contains information that is accurate and current so it may be relied upon to make financial decisions. General ledger activities (i.e., journal entries and bank reconciliations) are segregated from cash receipt, cash disbursement, and payroll activities.

General journal entries are entered by the District Treasurer, except for school lunch fund entries which are entered by the Account Clerk for school lunch. The Business Manager reviews all journal entries and signs off manually on a monthly basis. All documentation supporting the journal entries is maintained in a binder by the District Treasurer. Accounting periods are generally closed within thirty days of the end of the month.

The District Treasurer maintains a spreadsheet of cash balances for all bank accounts. All bank statements are received and reconciled to the general ledger by the Account Clerk. The Account Clerk completes the bank reconciliation section of the Treasurer's report. The District Treasurer then completes the cash rollforward section of the Treasurer's report and balances it to the bank reconciliation section of the Treasurer's report and the general ledger.

Budget transfers are initiated by the department managers. They complete a transfer form which is sent to the Business Manager for approval. Each budget transfer requires two signatures for approval: the Business Manager's, Principal's, or the Assistant Superintendent of Finance's. Once approved, the Business Manager forwards it to the Account Clerk for posting into WinCap. Budget transfers in excess of \$10,000 require Board approval and are posted into WinCap by the Senior Account Clerk.

This area was last tested in 2013.

## **ACH AND WIRE TRANSFERS**

Individuals involved in the ACH transfer process are the District Treasurer, Business Manager, Assistant Superintendent of Finance, and Payroll Supervisor.

All ACH transfers are processed through M&T Bank. An "ACH transfer template" has been established for certain vendors (9-10 vendors). One user establishes the template with the bank, and another approves it (District Treasurer, Payroll Supervisor, and Business Manager). There are no limits sent for specific vendors, only the limits established with the bank in general which is \$5 million. All ACH transfers are performed on a dedicated computer without access to email or the internet other than the banking website.

The District Treasurer will receive documentation from the payroll department for payroll related transfers or the Business Manager for debt service payments. The District Treasurer will go to the online banking website and select the vendor to receive the funds and enter the amount. The District Treasurer will go online within the bank the following day to confirm the amount transferred. A confirmation call comes to the Assistant Superintendent of Finance if the ACH transfer exceeds \$5 million. They note the confirmation number on the transmittal form. The District Treasurer is also allowed to transfer funds within District accounts at the same bank without additional authorization.

The District Treasurer, Business Manager or Assistant Superintendent of Finance are the only individuals that can authorize ACH transfers, and the Payroll Supervisor and the District Treasurer are the only ones

that have the authority to set up new vendors for ACH transactions with the bank which are then approved by the Business Manager.

This area was last tested in 2013.

## **FIXED ASSETS**

The District uses Asset Max, a web based fixed asset inventory system that is also used to calculate depreciation on the related assets. In addition, the technology department utilizes an access database WITS (Williamsville Information Tracking System) to track all technology assets. The District has procedures in place for the addition and disposal of assets in the fixed asset inventory system. All inventory is tagged so that it is identified as property of the District and can be traced back to the inventory listing. Fixed asset addition reports are reconciled to the general ledger to ensure all assets have been properly added to Asset Max. Disposal information is provided by the departments in custody of the asset on a regular basis. The District contracted with CBiz to perform a complete physical inventory in October 2018 and the final updated report was completed in May 2019.

Some departments (athletics, music, etc.) are performing periodic inventories of their department assets. The District performed one periodic physical inventory in March 2020.

Technology assets are tracked on the Williamsville Information Tracking System or WITS. This is an in-house program/database developed by District employees and contains information on the IT assets such as tag number, location, purchase date, etc. The IT Department uses WITS reports to perform their physical inventories, which are done twice a year. The majority of IT assets are leased from BOCES.

This area was last tested in 2016.

## **FUEL DEPOT**

The District utilizes the GasBoy fuel monitoring system to monitor and track diesel fuel usage. The fuel system was implemented in May 2015. The GasBoy system interfaces with FleetVision. When the fuel tank falls below 6,000 gallons, the Transportation Supervisor or Head Bus Mechanic places a diesel fuel order. Deliveries are always made during business hours and reconciled to the change in the tank volume.

The fuel tank is above ground and located in a gated area at the bus garage with access permitted only with a key card. A separate key fob is used to operate the GasBoy system and is specific to District vehicles. Fuel key fobs can only be activated by the Transportation Supervisor and the Head Bus Mechanic. Cameras on the pumps identify the users at the pumps, detailed transportation records are kept, and drivers and substitutes are assigned to specific vehicles on specific dates and/or runs would be used if a fueling issue arises.

For the Transportation Department, fuel pumps are left on during the week and weekend for bus drivers who have late bus runs or school trips. A vehicle key pegboard is kept in the Transportation Department and all keys are returned by the end of the day. The Head Bus Mechanic will verify all keys have been returned the following morning.

The Head Bus Mechanic or the Transportation Supervisor compares all fuel deliveries to the fuel bill and fuel gauge. GasBoy fuel usage reports are reconciled to the tank monitoring reports from the system on the tank daily.

The program is on a standalone computer at the transportation garage, is password protected and only has one user account. The Head Bus Mechanic, Transportation Supervisor, and Transportation Assistant have access to the GasBoy system. Each user has a unique login.

Unleaded fuel vehicles and equipment utilize the Town of Amherst fuel depot. A log is maintained for these vehicles and equipment. The log documents the date fueled, odometer reading of the vehicle (if applicable), and gallons pumped. To use the fuel depot at the Town, the user must enter a PIN number. The logs are used monthly to reconcile fuel usage to the Town invoice.

The District also utilizes Student Transportation of America for 85% of their total transportation services and all their special education transportation and will pay for the fuel Student Transportation of America utilizes in bus runs. The District pays for the fuel delivered to Student Transportation of America. A reconciliation is prepared by the Transportation Supervisor of the total miles traveled by Student Transportation of America to their total fuel deliveries using an average miles per gallon to ensure their fuel usage is reasonable.

This area was last tested in 2010.

## **INFORMATION TECHNOLOGY**

The District uses the following district-wide information systems:

- WinCap accounting system
- eSchool Data student information system
- WITS Williamsville Information Tracking System

Access rights are assigned by the District's Information Technology (IT) department and are approved by the appropriate administrators. The District's IT Department reviewed access rights for individual users of the systems in the summer of 2018 and made the appropriate changes. Network and WITS passwords are changed every 90 days and WinCap passwords are changed every 6 months. The network locks users out after 8 unsuccessful login attempts and will reset after 24 hours. Both the network and system passwords follow the National Institute for Standards and Technology cybersecurity framework regarding length, complexity, history, lockout, and expiration. Users are logged out of the network after 45 minutes of inactivity and all systems automatically shut down at 10pm. Erie 1 BOCES performs a nightly back up of WinCap and eSchool.

The WinCap software is designed specifically for school districts and other governmental entities and appears to be a strong accounting tool. The District has been using the software for several years and has found it to be capable of handling the District's accounting and business functions. Employees appear to be adequately trained and vendor support is available when needed. It is a networked system, and all locations have access to the system. The WinCap server is located at Erie 1 BOCES and is equipped with a firewall, monitoring all in bound and out bound network security.

The District also utilizes the Williamsville Information Tracking System or WITS. This is an in-house program developed by District employees that provides information on student grades and demographics

(and interfaced with the eSchool data system), IT work orders, IT equipment inventory, etc. Parents can also review their student's grades on WITS using a unique login and password. WITS is backed up nightly by the District.

The District has a backup system that automatically backs up the District's programs and data on a nightly basis. The backup system will produce a report of successes and failures which is reviewed daily and performs backup testing throughout the year. The District has developed a disaster recovery plan and performed an IT system risk assessment during the 2019-2020 school year.

The District maintains written policies regarding new hire provisioning access, termination access revocation, acceptable use, disaster recovery, information security breach (incident response), and privacy and security of data (Ed Law 2-d).

The District contracts with Erie 1 BOCES for firewall protection, anti-virus software, and anti-malware. Rules to the firewalls are reviewed by the District and updated by Erie 1 BOCES as necessary. The anti-virus/ anti-malware software provides automated updates to all endpoints and reports for the software are monitored by Erie 1 BOCES.

The District utilizes Windows 2012 and 2016 servers which are hosted within the District. WinCap is hosted on an Erie 1 BOCES server offsite. District buildings are locked most of the day, with cameras monitoring access to the buildings. The server rooms are locked with a physical key lock and are alarmed, and cameras are used to monitor access to the server rooms also. The server rooms also have environmental controls around temperature control, uninterrupted power supply, and generators which are tested weekly.

The District allows some employees to have remote access to the District's network and systems with management approval. Multi-factor authentication is used for remote access.

**The District had contracted with Cedera Systems to perform vulnerability and penetration testing in July 2022. Cedera will continue monitoring for the District.**

This area was last tested in 2020.

## INTERNAL AUDIT PLAN

The Internal Audit Plan summarized below, illustrates the detailed yearly plan estimated to complete the Internal Audit Strategy outlined in the *Business Area Risk Assessment and Internal Audit Strategy* section of this report.

The shaded area denotes the internal audits that were performed during the years 2006 to 2023:

Business Area	Previous	2024	2025	2026
<b>Lines of Business</b>				
<i>Budgeting, Governance, and Reporting</i>	2012, 2021			
<i>State Aid</i>	2018			
<i>STAC Processing</i>				
<i>Medicaid Processing</i>				
<i>Grants</i>				
<i>Centralized Cash Receipts</i>	2020			
<i>Community Education cash Receipts</i>				
<i>School Lunch Cash Receipts</i>				
<i>Purchasing and Cash Disbursements</i>	2006, 2019			
<i>Purchase Cards</i>	2019		X	
<i>Payroll</i>	2006, 2008, 2014, 2015, 2023			
<i>Health Benefit Trust and Other Employee Benefits</i>	2011			
<i>General Ledger Maintenance</i>	2013			
<i>ACH Transfers</i>	2013			
<i>Fixed Assets</i>	2010, 2016			X
<i>Fuel Depot</i>	2010			
<i>Student Assessment Security</i>	2014			
<b>Information Technology</b>				
<i>Information Technology</i>	2007, 2018, 2020	X		

The above schedule represents the District's three-year internal audit plan based on the risk assessment results identified in this report with only one internal audit performed each year. The District is required to perform a reassessment of risk on an annual basis. The results of the annual reassessment will be the basis for identifying internal audit priorities and determining the internal audit plan in future years.

## **APPENDIX - RISK CATEGORY DEFINITIONS**

### **INHERENT RISKS**

#### **EXTERNAL/MARKET REPUTATION**

**Negative Publicity** – The risk of public disclosure of operations will negatively influence public perception that impacts the District's ability to pass a budget and meet its strategic objectives.

#### **FINANCIAL**

**Achieving Financial Goals** – The risk that the District will be unable to meet their financial goals and be pressured by the Board or management to take unwise or inappropriate actions to report results which meet market expectations.

**Materiality** – The risk that any financial reporting activity will misrepresent results by an amount that would reasonably change voter or other external third party assessments of the District's performance.

**Volatility** – The risk that financial reporting will be inaccurate, incomplete or untimely.

**Use of Significant Estimates** – The risk that financial reporting activity will misrepresent actual business results due to heavy reliance on estimates, accruals, adjustments or reserves that are subjective and difficult to accurately quantify and/or associate with the occurrence of business events.

#### **OPERATIONAL**

**Inefficient/Ineffective Internal Controls** – The risk of inadequate or poorly designed internal controls and accountability.

**Employee Error** – The risk of unintentional errors by employees due to a lack of competence or training or unfamiliarity with policies and procedures.

**Inappropriate Data Usage** – The risk of the misuse of sensitive or confidential information by employees or other outside parties.

**Non-Routine/Complex Transactions** – The risk that incorrect or inconsistent handling of infrequent or complex activities could cause inconsistent financial reporting.

**Compliance with Policies and Procedures** – The risk that staff responsible for executing business activities will fail to comply with the District's policies and procedures, whether due to lack of training, failures of communication or mindful disregard.

#### **LEGAL/REGULATORY**

**Legal and Economic Impacts** – The risk of direct or indirect impact on activities from changes in the regulatory environment.

**Unresponsive to Legal/Regulatory/Compliance Changes** – The risk that the District is unaware of or does not respond to changes in laws and regulations to ensure compliance.

**Litigation Issues** – Lawsuits can result in expensive settlements, litigation costs and corrective action (e.g. employee/customer litigation, contract/fiduciary liability, etc.).

## STRATEGIC

**Insufficient or Inadequate Strategic Planning** – The risk that an inefficient and ineffective strategic planning process, including poor assumptions, results in the District's inability to meet their goals and objectives.

**Lack of Appropriate Governance** – The risk that senior management or Board members commit actions that are detrimental to voter's' interests, including misrepresenting the District's intentions or business results.

**People or Key Resources** – The risk that barriers (e.g. high turnover, inexperienced staff/skill limitations, excessive reliance on a key staff member, insufficient staffing/resources, etc.) can increase business risk impact and likelihood of its occurrence.

**Organization Reputation** – The risk that the District's reputation could be exposed based on lack of voter satisfaction with services, or ability to provide new and innovative educational programs; negative public reaction due to identified regulatory, compliance or legal issues.

## TECHNOLOGY/SYSTEMS

**Lack of Information Integrity** – The risks associated with the authorization, completeness, timeliness and accuracy of transactions/data as they are entered into, processed and reported by various systems.

**Lack of Timely, Reliable, and Relevant Information for Decision Making** – The risk that relevant internal and external information necessary for decision making is not available on a timely basis and/or is unreliable.

**Inadequate Data Security and Access** – The risk of not adequately restricting access to and protecting information.

**Sensitivity of Data** – The risk that the District will divulge, inappropriately use or fail to control student or employee data which is confidential or private.

## PEOPLE/CULTURE

**Lack of Clear Roles and Responsibilities** – The risk that roles and responsibilities are not clearly defined, communicated, and understood by employees.

**Deficient Values, Integrity, and Ethics** – The risk of an employee breach of District values and Code of Conduct standards related to integrity, ethics and discrimination.

**Inappropriate Performance Incentives** – The risk of either insufficient performance incentives or incentives that are unrealistic or misunderstood causing employees to act in an inappropriate manner.

## FRAUD

**Misappropriation of Assets** – The risk that the District engages in external and/or internal schemes, such as embezzlement, payroll fraud and theft.

**Misconduct/Abuse** – The risk that transactions or activities could be susceptible to management override (e.g. conflicts of interest, code of ethics violations, etc.). District could be directly or indirectly involved in monitoring and identifying misconduct and/or abuse.



**External Crime** – The risk that activities could be exposed to external theft and destruction (e.g. robbery, asset/information theft, etc.). District could be directly or indirectly involved in monitoring and identifying external crime.

**External Fraud** – The risk that transactions and activities could be exposed to external fraud (e.g. check frauds and kiting). District could be directly or indirectly involved monitoring and identifying external fraud.

## **COSO CONTROL RISKS**

**Monitoring** – This category includes identifying a mechanism or process to assess internal controls on an ongoing basis to ensure that changes are incorporated effectively.

**Information and Communication** – This category includes the assessment of the technology environment and includes an assessment of the reporting internally and externally. The internal communication to manage the business on a daily basis is assessed to determine the effectiveness and reliability of the financial information that is used.

**Control Activities** – These controls are at the process level and include preventive and detective controls. The assessment for control activities requires a selection of key processes and a review of the transaction flow to identify and test the critical controls to determine the effectiveness.

**Risk Assessment** – These controls are the overall management and strategic planning methods that are in place. The process for strategic planning for the District and each department and how the plan is executed during the year is the subject of this review. Material changes in the legislation or regulations and the process that management performs to execute a transaction will be assessed.

**Control Environment** – The controls in this category include integrity/ethical values, code of conduct, disciplinary action, structure of organization, involvement of the Board of Education, human resources and other actions that control the tone of the organization.