



East Ramapo Central School District

**Updated Risk Assessment Report
Covering the State mandate for the year ending June 30, 2022**

East Ramapo Central School District

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TOBIN & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS, PC

To the Board of Education
East Ramapo Central School District
Spring Valley, New York

We have performed an update to our Risk Assessment dated December 22, 2020 as agreed to by the East Ramapo Central School District (the District) for the year ending June 30, 2022. The purpose of this engagement is to ensure compliance with applicable New York State laws and regulations.

Our report updates the risk assessment scores and levels of the different processes of the District and highlights any improvement changes or weaknesses in internal controls noted since the last risk assessment report. This report also provides a recommended area where an in-depth review should be performed.

We are pleased to have had the opportunity to serve you and look forward to reviewing this report in detail with you. We would also like to thank the Board of Education and the employees of the East Ramapo Central School District for their time and assistance during our engagement.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Tobin & Company
Certified Public Accountants, PC

Purchase, New York
January 26, 2022

East Ramapo Central School District

Executive Summary

During the fiscal year ending June 30, 2022, the District replaced vacancies in the following key positions:

- **Superintendent**
- **Assistant Superintendent for Finance (Permanent)**
- **Director of Human Resources**
- **Director of Facilities**
- **Treasurer**
- **Director of Transportation**
- **Director of Information Technology and Cyber Security**

Below is a summary of our recent improvements and previous findings:

Summary of recent improvements to the procedures and internal controls:

- 1) **(Payroll)** The Payroll Clerks cross check each bargaining agreement to ensure union dues and all other information is updated in WinCap.
- 2) **(Payroll)** The District is planning to move to nVision Accounting Software next year, which will allow for increased accuracy through automated overtime.
- 3) **(Benefits)** The Information Technology Department matches the benefit information in WinCap to New York State Health Insurance Program invoices, which generates an exception report. This report is investigated monthly by the Employee Benefit Clerk.
- 4) **(Technology)** The District moved their data from Group Wise to Gmail with Syscloud, making it more secure.
- 5) **(Technology)** The District installed new security cameras installed, and all staff will be receiving new IDs with chips built in. There will also be integration between the District and the local police department.
- 6) **(Payroll/Human Resources)** The District is using employee evaluation software through Frontline, to improve efficiency.
- 7) **(Buildings & Grounds)** The District's Director of Facilities is now using third party vendors for preventative maintenance, reducing overtime costs.
- 8) **(Food Service)** This school year, the District is part of Empire State After-School Programs, which will provide snacks for the kids.

Summary of new noted areas for penitential improvement:

- 1) **(Payroll)** The District's school secretaries should consider sending emails for employee absences to Human Resources and Payroll, not just Human Resources. Human Resources should check Frontline for attendance and exceptions.
- 2) **(Payroll)** The District should try to encourage employees to use automated employee self-service to view W-2's and other payroll documents. This would save the Payroll Department time.
- 3) **(Payroll)** The District should have senior management certify payroll.
- 4) **(General)** The District should emphasize to all its Business Office employees to continue to take more courses specified in their area.
- 5) **(Transportation)** The District should conduct more frequent visits to third party bus vendors to ensure they are running efficiently.
- 6) **(Food Service)** The District should have an accounting clerk check the New York State Food Service reimbursement calculations for accuracy.
- 7) **(Payables)** The District should transition from using traditional paper checks to ACH payments for vendor payments.

East Ramapo Central School District

Risk Assessment Overview

At the request of the Board of Education of the East Ramapo Central School District "the District" we have performed an update to our previous Risk Assessment. Our assessment includes an analysis of business procedures and activities. The risk assessment is considered qualitative, quantitative, technological, and human elements of the District's operations.

During our engagement we performed the following procedures:

- We interviewed key personnel, including top administration, mid-level management and business office employees.
- We evaluated forms and documentation used in daily business processes.
- We evaluated internal controls, policies, and procedures.
- We evaluated technology used by the District, as well as the security of the technology.
- We reviewed the audit reports issued by the State Comptroller's Office as well as the District's External Auditors.

During this update, Interviews of key personnel included the following:

Assistant Superintendent for Finance, *Linda Macias*

Supervisor of Fiscal Services/Treasurer, *Natalie Espinal*

Purchasing Supervisor, *Michelle Rivera*

Interim Assistant Superintendent of Funded Programs, *Daniel Shanahan*

Employee Benefit Clerk, *Christina Bennin*

Senior Payroll Clerk, *Frances Molina*

Assistant Superintendent of Special Education, *Faye Swanston-Dilworth*

Director of Information Technology and Cyber Security, *Bhavin Gandhi*

Food Service Supervisor, *Carmela Cernaro*

Assistant Director of Facilities, Buildings and Grounds, *Howard Hyman*

Claims Auditor, *Nicholas Partain*

Interim Assistant Superintendent of Personnel, *Mary Sculnick*

Transportation Supervisor, *Maria Pecovic*

Senior Clerk of Federal Programs, *Armani Bishun*

Secretary to Interim Assistant Superintendent of Funded Programs, *Kimberly Smith*

Financial Control Clerk, *Susan Weber*

East Ramapo Central School District

Explanation of Risk Ratings

Our risk assessment quantifies scores for various areas of the operations of the District. The scores determine if a particular area is low, medium or high risk. The following illustrates the range of possible scores.

Low Risk	21 - 49
Medium Risk	50 - 77
High Risk	78 - 105

Risk levels were assigned to each area based on six key variables.

- 1) *Dollar Volume* - The higher the dollar volume, the higher the value assigned.
- 2) *Adequacy of Personnel* - Values assigned depend on personnel having proper qualifications, and that there is enough staff to perform proper internal controls.
- 3) *Complexity of Activity* - Different audited areas are more complicated and allow more opportunities for fraud or misappropriations.
- 4) *Management Interest* - If management places a priority, or expresses interest in a particular area, it is awarded a higher risk value to ensure that attention is paid to that area.
- 5) *Adequacy of Procedures* - If there are proper procedures that are understood and followed, risk levels are significantly reduced.
- 6) *Adequacy of Internal Controls* - Lack of controls could mean that procedures are not followed correctly, increasing risk levels.

In order to calculate the Risk Score for each reviewed area, we have to determine the risk level for each variable. The following is an illustration of the calculation which assigns risk scores to each variable:

A = Rank - Each variable is ranked in order of its importance from 1-6 (6 being most important).

B = Descriptive Value - Each variable is scored with a value from 1-5 (5 being highest risk) depending on our findings for that particular area.

A x B = Weighted Value - Calculated by multiplying each variable's rank by its descriptive value.

When we have computed a score for each variable, they are totaled giving us the Total Risk Score for the reviewed area being evaluated.

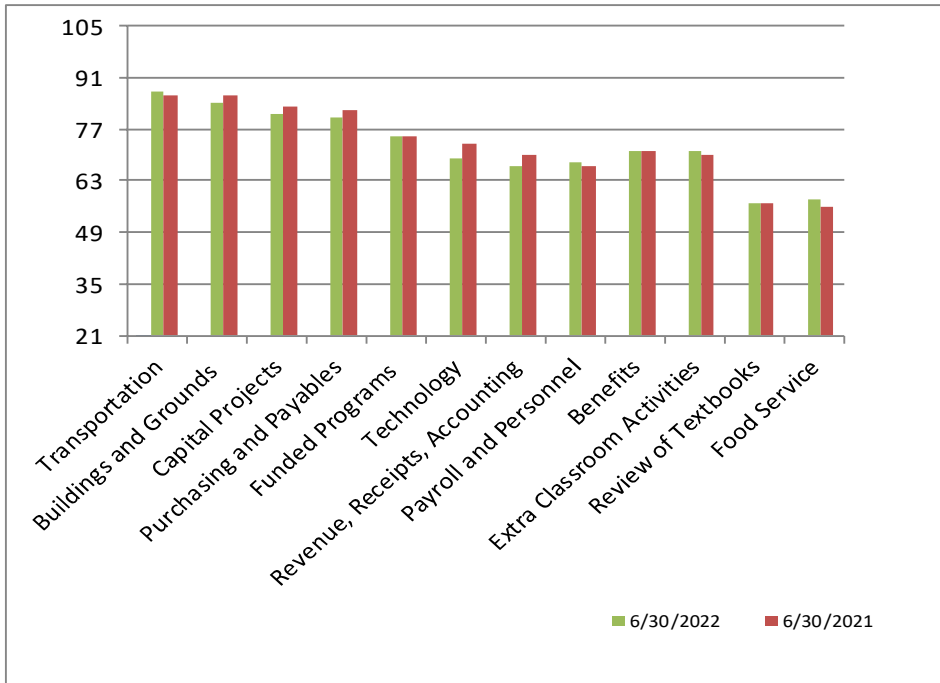
**It should be noted that not all of these variables can be controlled by the District. For instance, the dollar volume for receipts, payables, and payroll will always be high. Therefore, even with perfect controls these areas would not be considered low risk. This should be taken into consideration when reading the results of our scoring.*

East Ramapo Central School District

Risk Ratings - Results

In the illustrations below, we list each area as well as its assigned risk score, level, and the date when the last intensive review was performed:

Area of Review	<u>6/30/2022</u>		<u>6/30/2021</u>		
	Score	Level	Score	Level	
Transportation	87	High	86	High	Completed June 2012
Buildings and Grounds	84	High	86	High	Completed July 2015
Capital Projects	81	High	83	High	Completed June 2017
Purchasing and Payables	80	High	82	High	Completed June 2018
Funded Programs	75	Medium	75	Medium	Completed November 2009
Technology	69	Medium	73	Medium	Completed July 2014
Revenue, Receipts, Accounting	67	Medium	70	Medium	
Payroll and Personnel	68	Medium	67	Medium	Completed November 2009
Benefits	71	Medium	71	Medium	Completed November 2016
Extra Classroom Activities	71	Medium	70	Medium	Completed June 2019
Review of Textbooks	57	Medium	57	Medium	Completed June 2013
Food Service	58	Medium	56	Medium	



Recommendation for next review area

We recommend the next Intensive Review to be in Funded Programs. The District has a large Non Public School population and receives over \$40 million in various grants

TRANSPORTATION - Current Risk Score: 87

The District has a unique transportation structure. The District has contracts with several transportation companies working all in tandem to transport the District students.

During our update, we reviewed the general procedures of this area. The risk of employee theft of District assets is minimal due to its nature; however, there may be financial, efficiency and student safety risks present. Coupled with budget size and sheer complexity, we have previously rated this area at a *High Risk* level.

Significant internal control changes made since the initial risk assessment:

None noted.

Previously reported observations and recommendations remaining unresolved:

- 1) Observation: Some transportation bus contracts are based on student ridership, which in turn determines cost.

Recommendation: The District should tighten controls to be able to have an accurate count of students who ride the contracted buses. This will help control bus rental costs in the future. To help alleviate this risk, the District should consider the use of “smart tracking” swipe cards. Students would scan these cards on the bus to log entry and exit. Many vendors offer instant online access to track ridership data on a real time basis. Information is transmitted to a database which also allows for historical analysis. This also has an additional benefit of increasing child safety in the event of an emergency.

New observations and recommendations:

- 1) Observation: The District is using outside vendors for Transportation but is not visiting vendors frequently to ensure efficiency and controls.

Recommendation: Since the District is now outsourcing bussing through third party vendors, visits should be made to these vendors to ensure everything is running efficiently. These visits will assist with tighten District controls, allowing them to examine their operations.

Conclusion:

The District got rid of their entire bus fleet and are now outsourcing bussing through third party vendors. Their bus fleet was aging, and in most instances required excessive costs towards repairs and maintenance. Management believes the use of third-party bussing will assist in providing a more efficient and effective means of operations.

However, Transportation continues to be a major annual expenditure for the District. As a result, the District should continue to be vigilant in monitoring and managing its operations. The Risk Level remains at *High*.

BUILDINGS AND GROUNDS - Current Risk Score: 84

In a district of this size, grounds maintenance is an important part of keeping the District up and running. The fact that Buildings and Grounds and has its own fleet of buses makes this area more complex than districts that contract for similar services. Although the dollar volume in this area is significant, it rates lower than the dollar volume of receipts, and purchases.

East Ramapo Central School District

Summary of Reviewed Areas

Significant internal control changes made since the initial risk assessment:

- 1) The District's Director of Facilities is now using third party vendors for preventative maintenance, reducing overtime costs.

Previously reported observations and recommendations remaining unresolved:

- 1) Observation: The District manually tacks inventory.
Recommendation: Inventory should be an automated process. While the District uses SchoolDude, they do not take advantage of its ability to track inventory. By incorporating the inventory module, operations would become more efficient. Additionally, there is a cost benefit involved in maintaining an accurate and up to date database. We recommend the District take advantage of SchoolDude's potential.
- 2) Observation: The District currently tracks facility billing and rentals manually.
Recommendation: We recommend the District automate this process. The District should consider adopting "Facility Direct," which is a module than can be used with SchoolDude. This will provide means to a more efficient process.
- 3) Observation: Employee fuel reports are not reviewed by the Department.
Recommendation: Fuel reports should be reviewed by employee/vehicle for excess usage.

New observations and recommendations:

None noted.

Conclusion:

Many of the policies and procedures have remained in place since our last Risk Assessment. As noted in the Payroll section, the District still uses manual timecards. As a result, tracking and calculating overtime hours for buildings and grounds employees is manual and can be time consuming. In addition, there is an increased risk for errors. The risk level remains at *High*.

CAPITAL PROJECTS - Current Risk Score: 81

Capital projects are a significant process for a school district. It usually involves large capital expenditures, various levels of employees, contractors, and professionals to complete a project. While these factors inherently increase the risk level, there are mitigating controls that normally prevent misappropriation of assets or fraud. Nevertheless, it is an operational area of the District that should be monitored.

Significant internal control changes made since the initial risk assessment:

None noted.

Previously reported observations and recommendations

None noted.

New observations and recommendations:

None noted.

Summary of Reviewed Areas

Conclusion:

We performed an Intensive Review of this area. Please see our report for the year ending June 30, 2017, for additional observations and recommendations. It is important that the District continue to monitor and track all projects to ensure proper costs, budgeting, and state filing. Due to the nature of the field, the risk level remains at *High*.

PURCHASING AND PAYABLES - Current Risk Score: 80

Purchasing and Payables are assessed together due to their close relationship. The District follows New York State purchasing regulations. Due to the significance of the activities in Accounts Payable, the susceptibility to misappropriation, loss, or fraud; internal control environment and documentation of internal controls; compliance with rules and regulations, the area tends to rate higher in risk than some other areas. This area's rating is affected by its significant dollar value, number of transactions and its susceptibility to fraud.

Significant internal control changes made since the initial risk assessment:

None noted.

Previously reported observations and recommendations remaining unresolved:

- 1) Observation: The Districts' purchasing website has not been updated.
Recommendation: The purchasing website should contain the District's current purchasing guidelines, policies, forms, bids and contracts.

New observations and recommendations:

- 1) Observation: The District should transition from using traditional paper checks to ACH payments.
Recommendation: While the initial setup process may be time consuming, the efficiencies afforded by this process in the end has proven to be worth the effort by several area districts. In addition to supply cost savings, this would also lend itself to remote processing if that should ever become necessary again.

Conclusion:

We recently performed an Intensive Review of this area. Please refer to our report for the year ending June 30, 2018 for additional observations and recommendations. The level remains at *High*.

FUNDED PROGRAMS AND NON-PUBLIC SCHOOL SUPPORT - Current Risk Score: 75

Due to the unique makeup of this school district, it is more challenging to track non-public school support than most districts of a similar size. The relatively high dollar volume and complexity of tracking budget codes for numerous non-public schools caused us to rate this area as *Medium Risk*.

The District applies for the Title grants using the FS-10 form. Data is collected from public and non-public schools to determine how much money for each title the District is applying for. This data includes students enrolled, low-income students, English language learning students, etc.

East Ramapo Central School District

Summary of Reviewed Areas

Once approved, the District uses their master spreadsheet for each Title, keeping track of how much of the funds is allocated to each non-public school. There is also a Google Doc for each Title, making sure no non-public school surpasses their budget.

Significant internal control changes made since the initial risk assessment:

None noted.

Previously reported observations and recommendations remaining unresolved:

- 1) Observation: There is currently no formal means of tracking textbook inventory.
Recommendation: In order to improve controls, the District should consider C-Biz to assist in textbook inventory tracking. C-Biz is an independent consulting firm that will assist in providing accurate independent and timely valuations.

New observations and recommendations:

Please refer to our *Intensive Review of Funded Programs and Non Public School Support* for our new observations and recommendations.

Conclusion:

This area continues to be a primary focus of the District. Due to the high dollar volume involved, the risk level remains *Medium*.

TECHNOLOGY - Current Risk Score: 69

We believe that the system and all of the District's data is secure, but that can change in an instant. Technology must always be monitored closely and vigilantly, for the safety of information, as well as the students' using computers within the District. The District should be aware that as technology changes the procedures for securing it may need to be updated as well.

Significant internal control changes made since the initial risk assessment:

- 1) The District has moved their data from GroupWise to Gmail with Syscloud, making the data more secure.
- 2) The District's security cameras are all new and updated. Staff will be getting new IDs with chips built in. There will be integration with the District and local police department.

Previously reported observations and recommendations remaining unresolved:

- 1) Finding: The District is using a manual timecard system which requires a large amount of data entry. The District has a WinCap automated timecard system partially installed, but not implemented.
Recommendation: Since the District has the module, we recommend the Director of Information Technology finish implementing the system. We believe this automated process will increase the payroll efficiency as well as the quality.

New Findings and Recommendations:

None noted.

Conclusion:

The District continues to be fully committed to improving their Information Technology infrastructure. The District upgraded their security system with four schools having new cameras installed. The District has nearly completed implementing a new phone system which will have the ability to notify schools of lock down situations. However, due to its nature, it is nearly impossible for the risk level of this area to ever be at a low level. We reduced the score slightly due to the additional noted controls, however, the level remains at a *Medium*.

REVENUE, RECEIPTS, AND ACCOUNTING - Current Risk Score: 67

This area includes incoming funds from several sources as well as inter-account transfers. When reviewing the District's procedures in this area, we noted the following:

- 1) Different methods in which money is received
- 2) What the different revenue sources are
- 3) How receipts are recorded
- 4) How money is moved from one account to another

Although there is a high dollar volume in this area, receipts were assessed a *Medium Risk* level due to good overall procedures, and internal controls. However, this is a very significant area of the activities of the District and electronic transfers need to be closely monitored.

Significant internal control changes made since the initial risk assessment

None noted.

Previously reported observations and recommendations remaining unresolved:

None noted.

New observations and recommendations:

None noted.

Conclusion:

There have been no material changes in this area. The risk score is 67 with a *Medium Risk* level.

PAYROLL AND PERSONNEL - Current Risk Score: 68

Payroll is an area in which the high dollar volume in relation to the entire District budget inherently makes it a "higher risk" area. Coupling with the high dollar volume is the fact that Payroll is an area that is generally susceptible to fraud. These two factors make it difficult for the risk rating in this area to be low. However, during our interviews we noted numerous valuable controls over this area of operations. Due to the mitigating procedures we believe to be in place, we are able to rate payroll as *Medium Risk*.

Significant internal control changes made since the initial risk assessment:

- 1) The Payroll Clerks cross check each bargaining agreement to ensure union dues and all other information is updated in WinCap.
- 2) The District is using employee evaluation software through Frontline, to improve efficiency.
- 3) The District is planning to move to nVision Accounting Software next year, which will allow for increased accuracy through automated overtime.

Previously reported observations and recommendations remaining unresolved:

- 1) Observation: All absences are manually entered into WinCap by the Payroll Clerks.
Recommendation: Frontline has a function where attendance can be imported to the WinCap attendance module. This will provide more accurate and up-to-date attendance balances for employees. Currently, the District is behind on entering attendance resulting from the numerous manual entry and verification processes that are currently being used for payroll.

New observation and recommendations:

- 1) Observation: The District's current overtime system is on paper and time consuming.
Recommendation: An automated system such as Timepiece, would be extremely helpful to update budget code and hours. This will help the District eliminate errors that can occur when done manually.
- 2) Observation: Emails for employee absences are only being sent to Human Resources.
Recommendation: The District should ensure that emails for employee absences are also being sent to the Payroll Department. This will guarantee that teacher's assistants are not getting paid when not in attendance. Human Resources should be checking Frontline for attendance and looking for exceptions.
- 3) Observation: There is no certifying of payroll by the business administration.
Recommendation: To ensure accuracy, senior management should certify all payroll.
- 4) Observation: Using mail for W-2's and other payroll documents is too time consuming.
Recommendation: The District should encourage employees to use automated employee self-service. An automated employee self-service would make it easier for employees to access W-2's and other payroll documents. It would also save the Payroll Department time.

Conclusion:

The District continues to maintain good controls over payroll and human resources. We believe the implementation of the above recommendations would further strengthen controls. Due to the dollar amount involved, this area's risk level remains unchanged at *Medium*.

EXTRA CLASSROOM ACTIVITIES – Current Risk Score: 71

During our audit, we reviewed the procedures for handling extra classroom activities funds at Spring Valley High School. We noted strong overall controls and procedures in place. However, key employees of the District expressed concern over the consistency with these types of transactions that are handled from one location to the next. Therefore, we rated this area as *Medium Risk*.

Significant internal control changes made since the initial risk assessment:

None noted.

Previously reported observations and recommendations remaining unresolved:

- 1) **Observation:** The Extra Classroom Activities Treasurer at Spring Valley High School is currently using QuickBooks software to track inflows and outflows of student funds. We believe this is an effective tool for managing these funds. Not all locations throughout the District are using the same software.
Recommendation: We suggest that Extra Classroom Activities Treasurer in each location upgrade to using Wincap for tracking Extra Classroom Activity funds across the District. This will allow administration to see the financial activity on readily available basis.
- 2) **Observation:** The Extra Classroom Activities Treasurer at Spring Valley High School is making deposits, writing checks, and performing bank reconciliations.
Recommendation: While this is fairly common in school districts, we suggest having the bank reconciliations performed by someone unrelated to Extra Classroom Activities in order to promote segregation of duties. This would add a level of assurance that the Extra Classroom Activities Treasurer is reporting activity correctly.
- 3) **Observation:** Smaller clubs do not track activity separately from the Central Treasurer and match it like the larger clubs do.
Recommendation: All clubs should track their activity independently of the Central Treasurer so they can see which funds are coming in and going out and verify the accuracy of those funds.

New observations and recommendations:

None noted.

Conclusion:

We performed an Intensive Review of this Area. Please see our report for the year ending June 30, 2019 for additional observations and recommendations. While the controls at Spring Valley High School are well maintained, there is little consistency throughout other locations in the District. The area of Extra Classroom Activities remains at a *Medium Risk* Level.

BENEFITS - Current Risk Score: 71

Due to the low relative dollar volume, the adequate systems in place, and the minimal chance for fraud in this area, benefits were given a *Medium Risk* rating. We believe that the biggest potential risk in the benefits area is the possibility of benefits being paid for individuals who are no longer eligible. The procedures in place at this point should minimize this risk, but the District should continue to pay close attention to this area.

Significant internal control changes made since the initial risk assessment:

- 1) The Information Technology Department matches the benefit information in WinCap to New York State Health Insurance Program invoices, which generates an exception report. This report is investigated by the Employee Benefit Clerk monthly.

Previously reported observations and recommendations remaining unresolved:

- 1) Observation: The Benefit's Clerk calls retirees who have not paid health insurance reimbursements when due.
Recommendation: The Benefits Department should use the WinCap software to invoice and track benefit reimbursement.
- 2) Observation: There are no written procedures manual for the Benefits process, nor is anyone cross-trained.
Recommendation: The District should develop a written procedures manual and/or cross train another employee in the event, the Benefits Clerk cannot perform her duties. This will help ensure operations can continue without disruption and good procedures and controls remain in effect.

New observations and recommendations:

Noted noted.

Conclusion:

During our review, we did not note any significant changes to internal controls. While the Benefits Clerk maintains effective controls, the area remains complex with a high dollar volume. As a result, it is nearly impossible to ever rate this area with a low risk level. The area of Benefits has remained at a *Medium Risk* Level.

FOOD SERVICE - Current Risk Score: 58

Food service is run by an outside company (Whitson's). This alleviates the need for the District to staff this area of operations. Whitson's provides enough documentation of activity for the District to feel comfortable that they are reporting revenues correctly. Although this is the area in which the most actual cash changes hands, we believe the controls in place are sufficient to alleviate most of the risk usually related to cash. Therefore, food service was rated as *Medium Risk*.

Significant internal control changes made since the initial risk assessment:

- 1) This school year, the District is part of Empire State After-School Programs, which will provide snacks for the kids.

Previously reported observations and recommendations remaining unresolved:

None noted.

New observations and recommendations:

- 1) Observation: The reimbursement calculations are only reviewed by the Food Service Program Supervisor.
Recommendation: The District should have an accounting clerk check the New York State reimbursement calculations for accuracy.

Conclusion:

We noted no significant changes in the controls and procedures for the District's Food Service. We found the internal controls and procedures for Food Services to be similar to other school districts. They are sufficient enough to identify or deter misappropriation of assets. The area's risk level remained *Medium*.

Summary

Overall, we noted strong overall controls regarding policies and procedures amongst the District. However, we do feel that the controls can be improved by implementing the recommendations we have made.

The District should encourage and emphasize to all its Business Office employees to continue taking more courses specified in their area to stay current on all state guidelines and regulations, and to expand their network.