

# SYOSSET CENTRAL SCHOOL DISTRICT



*Risk Assessment Update  
For the Period Ending  
April 30, 2021*

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Board of Education  
Syosset Central School District  
Syosset, NY 11791

We have completed our risk assessment update of the Syosset Central School District (the “District”) for the period July 1, 2020 through April 30, 2021. The objectives of the engagement were to assist the Board of Education (the “Board”) in ensuring that the District’s risks are identified and that appropriate internal controls are in place to mitigate those risks.

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

- Gained an understanding of the internal controls for the following key business processes:
  - Governance and Planning
  - Accounting and Reporting
  - Cash Receipts
  - Cash Management
  - Revenue and Billings
  - Grants
  - Payroll
  - Human Resources
  - Benefits
  - Purchasing and Related Expenditures
  - Facilities and Capital Projects
  - Capital Assets
  - Food Service Operations
  - Information Technology
  - Student Related Data and Services
  - Transportation Services
  - Student Services
- Identified the risks that could inhibit the District in achieving its goals;
- Identified the internal controls that the District has in place that are designated to mitigate identified risks; and
- Identified key areas where the District can strengthen existing internal controls and/or create additional internal controls.

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

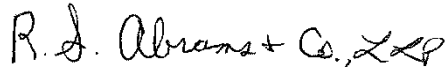
As noted, the purpose of our engagement was to assist you in improving the process by which you monitor and manage the risks that face your District. However, it is ultimately your responsibility to assess the adequacy of your risk management system.

In performing our engagement, we relied on the accuracy and reliability of information provided by District personnel. We have not audited, examined, or reviewed the information, and express no assurance on it.

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

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

Very truly yours,

A handwritten signature in black ink that reads "R.S. Abrams & Co., LLP". The signature is written in a cursive, flowing style.

R.S. Abrams & Co., LLP

July 13, 2021

**Syosset Central School District  
Risk Assessment Update Report  
For the Period Ending April 30, 2021**

**Executive Summary**

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

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

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

Additionally, we have reviewed the results of reports issued by our firm during the period ending June 30, 2020 including a report on Student Safety and Performance Data, to determine if relevant controls have been put in place based on those reports.

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

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

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

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

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

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**Process Review Summary and Proposed Business Processes**

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

Extensive System Reviews:

Fiscal Year Ending June 30, 2021:

- Payroll

Fiscal Year Ending June 30, 2020:

- Student Safety and Performance Data

Fiscal Year Ending June 30, 2019:

- Benefits

Fiscal Year Ending June 30, 2018:

- Procurement and Claims Processing

Fiscal Year Ending June 30, 2017:

- Capital Assets

Fiscal Year Ending June 30, 2016:

- Extra Classroom

Fiscal Year Ending June 30, 2015:

- Human Resources

Fiscal Year Ending June 30, 2014:

- Governance and Planning

Fiscal Year Ending June 30, 2013:

- Cash Management

Fiscal Year Ending June 30, 2012:

- Transportation Operations
- Payroll Distribution

Extensive System Proposed:

Fiscal Year Ending June 30, 2022:

- Fund Balance and Management

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**Moderate Risk Items**

**Status of Prior Year**

**INFORMATION TECHNOLOGY**

**PERMISSIONS/ACCESS CONTROLS**

Previous Control Risk Level: **Moderate (M)**

Prior Year Reason: During our prior year risk assessment update, we noted as of June 30, 2020 the following:

- We noted thirteen user accounts in *WinCap* for which the date of last password change exceeded the 90-day threshold established by the District's accounting information system password policy.
- The District did not require network passwords to be changed periodically to reduce the risks involved with unauthorized access.
- The District did not have a lockout policy in place for the network or accounting information system.

Current Year Status: During our current year risk assessment update, we noted the following:

- We noted five user accounts in *WinCap* for which the date of last password change exceeded the 90-day threshold established by the District's accounting information system password policy.
- The District does not have a lockout policy in place for the network or accounting information system.

Although, we noted the District requires network passwords to be changed periodically to reduce the risks involved with unauthorized access. As such, we have maintained our initial risk assessment level as moderate.

Updated Control Risk Level: **Moderate (M)**

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**STUDENT DATA REPORTING**

**STUDENT CLASSIFICATION**

Previous Control Risk Level: **Moderate (M)**

Prior Year Reason: We had assessed the level of control risk as moderate for the District's student data reporting and classification processes based on two out of the fifteen students tested that were classified as new entrants during the 2019-2020 school year did not have valid proof of parental relationship on file.

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Current Year Status: Not enough time has elapsed from the prior year risk assessment report to allow the District to implement procedures to maintain the required documentation on file. As such, no procedures were performed as of the report date. We will reevaluate the District's student data and reporting and classification process during our next risk assessment evaluation.

As such, we have maintained our level of control risk as moderate.

Updated Control Risk Level: **Moderate (M)**

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**Moderate Risk Items**

**Current Year Review**

**PAYROLL**

***PAYROLL ACCOUNTING AND REPORTING***

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Control Risk Level: **Moderate (M)**

Reason for Risk Level: We have assessed the level of control risk as moderate for the District's payroll and accounting policies and procedures based on the following reasons:

- We noted payroll certifications for employees charged to federal grants were prepared in accordance with Circular A-87 rather than Uniform Grant Guidance.
- We noted payroll certifications are not signed by a grant administrator or supervisor prior to payment.

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**Low Risk Items**

**Current Year Review**

**CASH RECEIPTS**

***COLLECTION AND POSTING OF RECEIPTS***

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

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

- The District maintains a cash receipts log, which is prepared for all incoming cash receipts in the business office by an individual independent from the recording and depositing functions.
- The Deputy District Treasurer reviews the deposit slip and support prepared by the account clerk before entering the cash receipt into the accounting information system.
- The District prepares deposit receipts for all incoming receipts at the business office.



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- All cash receipts that come through the business office have adequate supporting documentation to support the receipt.
- Proper facilities exist and are used for the safeguarding of cash.
- A district messenger is responsible for performing the business office bank deposits.

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<b>CASH MANAGEMENT</b>
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***WIRE TRANSFERS AND BANKING CONTROLS***

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

Reason for Risk Level: We have assessed the control risk for the District's wire transfers and banking controls as low based on the following reasons:

- For interbank and intrabank wire transfers, the Deputy District Treasurer logs onto the banking institution's website to initiate a wire transfer. A print out of the initiation of the wire transfer and other related supporting documentation is forwarded to the Treasurer to review. Once reviewed, the Treasurer logs onto the banking institution's website to release the transfer of funds.
- The confirmation of the transfer of funds is printed, initialed by the Treasurer and attached to the relevant supporting documentation before being filed away.
- The District adopted policy No. 6420, *Online Banking Services*, surrounding the monitoring of the transfer of funds via online banking between various accounts and the transfer of funds from District accounts to non-District accounts.

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***BANK RECONCILIATIONS***

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

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

- Monthly bank reconciliations prepared by the District Treasurer and are reviewed and approved by the Deputy Treasurer/Accountant on a monthly basis prior to the Board receiving the Treasurer's report.
- The District investigates and tracks outstanding checks and reconciling items monthly. During our review, we noted zero out of the seventeen bank reconciliations tested had outstanding checks greater than one year.

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***BANKING SECURITY***

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

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

- The District utilizes positive pay for payroll accounts and disbursement accounts.
- The District enabled ACH blocks on certain bank accounts preventing ACH debits from being processed.
- The District enabled ACH filters that only allow pre-approved debits to be processed.
- The District has adopted policy No. 6420, *Online Banking Policy*, which addresses procedures surrounding online banking and banking security.

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***CASH AND INVESTMENT MANAGEMENT***

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

Reason for Risk Level: We have assessed the level of control risk as low for the District's cash management policies and procedures based on the following reason:

- The District has all legally required policies regarding cash management such as policy No. 6240 *Investments*, policy No. 6420, *Online Banking Services*, and policy No. 6670 *Petty Cash/Petty Cash Accounts*.

We did note that policy No. 6670 – *Petty Cash/Petty Cash Accounts* stated “the amount of each fund will not exceed \$200.” According to 8 CRR-NY §170.4, the balance of each fund shall not exceed \$100 at any time. The District corrected this issue during the July 6, 2021 Board of Education meeting, and as such, our assessed level of control risk was not modified.

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<b>PURCHASING AND RELATED EXPENDITURES</b>
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***PURCHASING PROCESS AND PURCHASE ORDER SYSTEM***

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

Reason for Risk Level: We have assessed the level of control risk as low for the District's purchasing processes and purchase order system based on the following reasons:

- The District's policy No. 6700-R, *Purchasing Regulations*, outlines the District's purchasing and bidding requirements.
- The District manages purchase requisitions and purchases orders within the accounting information system. Purchase requisitions are reviewed and approved by the department head/supervisor and converted into a purchase order by the District's Purchasing Agent.

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- The District's Purchasing Agent verifies that quotations were obtained by the originator of the purchase requisition.
- The District procures goods and/or services from time to time utilizing other governmental agencies contracts and BOCES cooperative bids to help reduce the costs of bidding.

***PAYMENT PROCESSING***

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

Reason for Risk Level: We have assessed the level of control risk as low for the District's payment processing procedures based on the following reasons:

- The District requires that the receiving copy of the purchase order be signed and forwarded to accounts payable with the related packing slips (if applicable) before payment is processed.
- The District's Claims Auditor reviews all checks before they are mailed to the vendors.
- The District requires that all vendors submit an IRS W-9 Form to verify the vendor's tax status.
- The District requires all invoices and/or receipts to be properly cancelled after payment.

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***TRAVEL AND CONFERENCES***

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

Reason for Risk Level: We have assessed the level of control risk as low for the District's travel and conferences process based on the following reasons:

- The District has adopted policy No. 6830 *Expense Reimbursement*, surrounding the procedures that are to be followed when attending conferences and requesting travel reimbursements.
- Employees are required to complete a *Professional Conference/Travel Request* form prior to attending conferences which is to include an estimate of the related expenses that are to be incurred.
- The District generates purchase orders prior to employees attending conferences.
- The District does not allow travel advances for employees who attend conferences.
- Reimbursements require original itemized receipts as supporting documentation for reimbursement.

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**Syosset Central School District  
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<b>CAPITAL ASSETS</b>
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***ACQUISITION, DISPOSAL AND CAPITALIZATION POLICY***

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

Reason for Risk Level: We have assessed the level of control risk for the acquisition, disposal and capitalization policy as low based on the following reasons:

- The District has adopted policy No. 6800, *Capital Assets Accounting*, which outlines procedures for establishing a capital asset system of accounting, including an inventory threshold for capitalization, tagging and tracking and depreciation methods.
- The District has adopted policy No. 6900, *Disposal of District Property*, which outlines the procedures that the District must follow regarding disposals of such items.
- After capital assets are determined to be obsolete, all disposals are provided to the Board of Education to be formally approved as obsolete.
- The District's *Capital Assets Accounting* policy addresses the frequency of obtaining outside appraisals which is every five years as a no-fee service provided by New York State Insurance Reciprocal (NYSIR).

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***INVENTORY TRACKING***

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

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

- The District utilizes an asset relocation form for assets that move between locations. However, we do note that the relocation form is not reviewed by anyone other than the preparer.
- The District utilizes Destiny Resource Manager to track inventory that has been assigned to an individual.
- Building staff/head custodians have been designated as the individual who is responsible for tagging the various capital assets.
- Disposals of capital assets are approved by the Board of Education.

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**Syosset Central School District  
Risk Assessment Update Report  
For the Period Ending April 30, 2021**

**TRANSPORTATION SERVICES**

***STUDENT TRANSPORTATION***

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

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

- The District has adopted policy No. 8410 – *Student Transportation Services* which address the method the District uses to determine the eligibility of pupils for transportation services to and from the public schools which they attend.
- The District has appointed the Assistant Superintendent for Business as the designee responsible for administering the transportation program.
- The District evaluates the student transportation system for procedural and operational improvements on an annual basis.

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***TRANSPORTATION CONTRACTS***

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

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

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

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***TRANSPORTATION STATE AID***

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

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

- The Deputy District Treasurer/Accountant monitors the receipt of transportation aid and reviews the Transportation Formula Aid Output report on an annual basis for accuracy.

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**Syosset Central School District  
Assessment of Risk and Testing Plan  
For the Period Ending April 30, 2021**

**Legend**

- Extensive system process review proposed
- ✓ Extensive system process review completed
- New processes evaluated
- \* Control risk updated based on cycle report

**H = High M = Moderate L = Low**

<b>BUSINESS PROCESSES &amp; SUBPROCESSES</b>	<b>Inherent Risk</b>		<b>Control Risk</b>		<b>Audit Plan</b>		
<b>GOVERNANCE &amp; PLANNING</b>	6/30/2020	4/30/2021	6/30/2020	4/30/2021	2020	2021	2022
Governance and Control Environment	H	H	L	L	•		
Budget Development and Administration	H	H	L	L	•		
Budget Transfers	M	M	L	L	•		
<b>ACCOUNTING &amp; REPORTING</b>	6/30/2020	4/30/2021	6/30/2020	4/30/2021	2020	2021	2022
Financial Accounting, Reporting Oversight	H	H	L	L			■
Auditing	M	M	L	L			■
Fund Balance Management	H	H	L	L			■
Reserves and Fiscal Health	H	H	L	L			■
<b>CASH RECEIPTS</b>	6/30/2020	4/30/2021	6/30/2020	4/30/2021	2020	2021	2022
Collection and Posting of Receipts	H	H	L	L		•	
<b>CASH MANAGEMENT</b>	6/30/2020	4/30/2021	6/30/2020	4/30/2021	2020	2021	2022
Cash and Investment Management	H	H	L	L		•	
Wire Transfers and Banking Controls	H	H	L	L		•	
Bank Reconciliations/Treasurer Reports	H	H	L	L		•	
Banking Security	H	H	L	L		•	
<b>REVENUE &amp; BILLINGS</b>	6/30/2020	4/30/2021	6/30/2020	4/30/2021	2020	2021	2022
Tuition/Health Services	M	M	L	L			
<b>GRANTS</b>	6/30/2020	4/30/2021	6/30/2020	4/30/2021	2020	2021	2022
General Processing and Monitoring	M	M	L	L	•		
Allowable Costs and Compliance	M	M	L	L	•		
<b>PAYROLL</b>	6/30/2020	4/30/2021	6/30/2020	4/30/2021	2020	2021	2022
Payroll Distribution	H	H	L	L		✓	
Payroll Accounting and Reporting	H	H	L	M*		✓	
Tax Filings and Reconciliation Process	M	M	L	L		✓	
Separation Payments	H	H	L	L		✓	
<b>HUMAN RESOURCES</b>	6/30/2020	4/30/2021	6/30/2020	4/30/2021	2020	2021	2022
Employment Requisition and Hiring	M	M	L	L			
Employment Termination	M	M	L	L			
Employee Attendance	H	H	L	L			
<b>BENEFITS</b>	6/30/2020	4/30/2021	6/30/2020	4/30/2021	2020	2021	2022
Eligibility	M	M	L	L			
Benefit Calculations	H	H	L	L			
Retiree Health Insurance	H	H	L	L			
<b>PURCHASING &amp; RELATED EXPENDITURES</b>	6/30/2020	4/30/2021	6/30/2020	4/30/2021	2020	2021	2022
Purchasing Process and Purchase Order System	H	H	L	L		•	
Payment Processing	H	H	L	L		•	
Travel and Conferences	H	H	L	L		•	

**Syosset Central School District  
Assessment of Risk and Testing Plan  
For the Period Ending April 30, 2021**

**Legend**

- Extensive system process review proposed
- ✓ Extensive system process review completed
- New processes evaluated
- \* Control risk updated based on cycle report

**H = High M = Moderate L = Low**

<b>BUSINESS PROCESSES &amp; SUBPROCESSES</b>	<i>Inherent Risk</i>		<i>Control Risk</i>		<i>Audit Plan</i>		
<b>FACILITIES &amp; CAPITAL PROJECTS</b>	6/30/2020	4/30/2021	6/30/2020	4/30/2021	2020	2021	2022
Facilities Maintenance	H	H	L	L	•		
Construction Planning and Monitoring	M	M	L	L	•		
Final Building Project Reports	H	H	L	L	•		
<b>CAPITAL ASSETS</b>	6/30/2020	4/30/2021	6/30/2020	4/30/2021	2020	2021	2022
Acquisition, Disposal, and Capitalization Policy	H	H	L	L		•	
Inventory Tracking	H	H	L	L		•	
<b>FOOD SERVICE OPERATIONS</b>	6/30/2020	4/30/2021	6/30/2020	4/30/2021	2020	2021	2022
Federal and State Reimbursement	M	M	L	L			
Sales Cycle and System	H	H	L	L			
Inventory and Purchasing	M	M	L	L			
Eligibility Verification	M	M	L	L			
Fund Balance	M	M	L	L			
<b>EXTRA CLASSROOM ACTIVITY FUND</b>	6/30/2020	4/30/2021	6/30/2020	4/30/2021	2020	2021	2022
General Controls	H	H	L	L	•		
Cash, Cash Receipts and Disbursements	H	H	L	L	•		
<b>INFORMATION TECHNOLOGY</b>	6/30/2020	4/30/2021	6/30/2020	4/30/2021	2020	2021	2022
Governance	M	M	L	L			
Network Security	H	H	L	L			
Financial Application Security	H	H	L	L			
Disaster Recovery	H	H	L	L			
Permissions/Access Controls	H	H	M	M		•	
<b>STUDENT SAFETY AND STUDENT DATA REPORTING</b>	6/30/2020	4/30/2021	6/30/2020	4/30/2021	2020	2021	2022
Student Attendance	H	H	L	L	✓		
Student Performance Data	H	H	M*	M	✓		
Student Security and Safety	H	H	L	L	✓		
<b>TRANSPORTATION SERVICES</b>	6/30/2020	4/30/2021	6/30/2020	4/30/2021	2020	2021	2022
Student Transportation	M	M	L	L		•	
Transportation Contracts	L	L	L	L		•	
State Aid	H	H	L	L		•	
<b>STUDENT SERVICES</b>	6/30/2020	4/30/2021	6/30/2020	4/30/2021	2020	2021	2022
STAC	M	M	L	L			
Medicaid Compliance	H	H	L	L			