

**South Orangetown Central School District  
Risk Assessment Update Report  
For the Period Ended October 31, 2024**

**SOUTH ORANGETOWN CENTRAL SCHOOL DISTRICT**  
**Risk Assessment Update**  
**For the Period Ended October 31, 2024**

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Board of Education  
South Orangetown Central School District  
160 Van Wyck Road  
Blauvelt, New York 10913

We have completed our risk assessment update of the South Orangetown Central School District (the “District”) for the period ended October 31, 2024. The objective of this engagement is to evaluate the District’s internal control system, assess the overall risk, and provide recommendations to the Board of Education (the “Board”) and management to strengthen or improve upon the District’s internal control structure.

In developing our risk assessment, we have performed the following procedures:

- Gained an understanding of the internal controls for the following key business processes through inquiry and observation:
  - Governance and Planning
  - Accounting and Reporting
  - Revenue and Cash Management
  - Purchasing and Related Expenditures
  - Payroll, Human Resources, and Benefits
  - Facilities, Capital Projects, and Capital Assets
  - Student Services
  - Student Related Data and Services
  - Information Technology
- Identified risks that could inhibit the District in achieving its goals;
- Reviewed Board policies to determine if all legally required polices have been adopted and reflect current fiscal operations of the District;
- Evaluated the design and effectiveness of controls and performed tests of controls to verify controls are working as intended; and
- Identified key areas or opportunities that can strengthen the existing internal control structure.

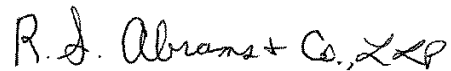
It is ultimately the District’s responsibility to review and assess the internal control structure address the adequacy of the risk management system.

In performing our engagement, we relied on the accuracy and reliability of information provided by the 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 at your convenience.

This report is intended solely for the information and use of the Board, the Audit Committee, and 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 cursive script that reads "R.S. Abrams & Co., LLP".

R.S. Abrams & Co., LLP  
December 5, 2024

# SOUTH ORANGETOWN CENTRAL SCHOOL DISTRICT

## Risk Assessment Update For the Period Ended October 31, 2024

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### **Executive Summary**

This report serves to address the first requirement of Chapter 263 of the laws of New York, 2005, to establish an internal audit function. The internal audit function requirement includes the engagement of a qualified audit firm or individual to assess risk surrounding the design and effectiveness of the District's internal control system, provide annual updates to the initial risk assessment, and test the design and operating effectiveness of these controls on a periodic basis.

This risk assessment is intended to provide management with information to enhance and strengthen the District's internal control system relating to their financial processing and reporting operations.

We developed our initial risk assessment by obtaining an understanding of the design and implementation of the District's internal control structure by performing interviews with key personnel, observations, and performing tests over key controls, where necessary. We performed risk assessment update procedures to assess risk and determine if relevant controls have been implemented.

We considered the following risks in our risk assessment and its potential effect on the District's internal control system:

- **Inherent Risk** - the risk associated with the nature and type of transactions processed due to complexity, materiality, and quantity of the transactions outside of the District's internal control structure.
- **Control Risk** – the risk that the internal control system is not adequately designed to prevent or detect errors or irregularities on a timely basis.

We reviewed select processes noted in our Risk Assessment Letter and have assigned the business processes the following ratings:

- **High Risk (H)** – We identified areas where we believe the internal control system is not effective in preventing or detecting risks associated with the District's operations and require immediate attention from the Board and management.
- **Moderate Risk (M)** – We identified areas where we believe an internal control system exists but may not be fully effective in preventing or detecting risks. The District should review our recommendations and consider the need to implement these recommendations.
- **Low-Risk (L)** – We believe the internal control system is adequately designed and operating as intended. We have also included our recommendations in the procedures performed, observations, and recommendations section of this report where we believe opportunities exist to further strengthen the internal control system.

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The control risk ratings listed below are based on our risk assessment procedures performed further detailed below and are subject to change based on detailed procedures performed as part of our future risk assessment updates or extensive system reviews performed on specific business processes.

#### **Process Review Summary and Proposed Business Processes:**

The following represents the business process where we have provided internal audit services and the business processes we are proposing.

##### Extensive System Reviews:

- Period Ending June 30, 2016: Capital Projects
- Period Ending June 30, 2017: Human Resources
- Period Ending June 30, 2018: Payroll and Benefits
- Period Ending June 30, 2019: Transportation and Information Technology
- Period Ending June 30, 2020: Human Resources
- Period Ending June 30, 2021: Purchasing & Related Expenditures and Facilities and Capital Projects
- Period Ending June 30, 2022: Information Technology
- Period Ending June 30, 2023: Grants and Student Services (STAC and Medicaid)
- Period Ending June 30, 2024: Facilities Maintenance and Purchasing and Related Expenditures

##### Extensive Systems Proposed:

- Period Ending June 30, 2025: Capital Projects and Capital Assets and Inventory

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<b>BUSINESS PROCESSES AND SUBPROCESSES</b>	<i>Control Risk</i>		<i>Audit Plan</i>		
<b>GOVERNANCE AND PLANNING</b>	<b>2024</b>	<b>2025</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Governance and Control Environment	M	L	•	•	•
Strategic Planning	L	L	•	•	
Budget Development and Budget Administration	L	L	•	•	
<b>ACCOUNTING AND REPORTING</b>	<b>2024</b>	<b>2025</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Assessing Financial Condition	L	L	•		•
Financial Accounting and Reporting	L	L	•		•
Auditing	L	L	•		•
State Aid and Grants	L	L	✓		
<b>REVENUE AND CASH MANAGEMENT</b>	<b>2024</b>	<b>2025</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Cash Receipts and Revenue	L	L		•	
Cash and Investment Management	L	L		•	
<b>PURCHASING AND RELATED EXPENDITURES</b>	<b>2024</b>	<b>2025</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Purchasing	M	L		✓	•
Accounts Payable and Cash Disbursements	L	L		✓	
Travel and Conferences	L	L		✓	
<b>PAYROLL, HUMAN RESOURECS, AND BENEFITS</b>	<b>2024</b>	<b>2025</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Payroll Processing and Related Expenditures	L	L	•	•	
Human Resources	L	L		•	•
Benefits	L	L		•	
<b>FACILITIES, EQUIPMENT, AND INVENTORY</b>	<b>2024</b>	<b>2025</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Facilities Maintenance	L	H*		✓	
Capital Projects	L	L			■
Capital Assets and Inventory	L	L	•		■
<b>STUDENT SERVICES</b>	<b>2024</b>	<b>2025</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Student Transportation	L	L			•
Food Service	L	L	•		
Extraclassroom Activities	L	L			
<b>STUDENT RELATED DATA AND SERVICES PROGRAM</b>	<b>2024</b>	<b>2025</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Student Attendance	L	L			•
Reliability of Student Performance Data	L	L			•
Student Security and Safety	L	L			•
<b>INFORMATION TECHNOLOGY</b>	<b>2024</b>	<b>2025</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Policies and Governance	L	L			
Data Backup and Recovery Processes	L	L			
Data Security and Cybersecurity Risks	L	L			
<b>Legend</b>					
✓ = Extensive system process review completed					
• = Risk process evaluated					
■ = Proposed extensive process review					
* = Status of implementation will be tested as part of upcoming cycles					
<b>H = High M = Moderate L = Low</b>					

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**PROCEDURES PERFORMED, OBSERVATIONS, AND RECOMMENDATIONS**

**ACCOUNTING AND REPORTING**

Procedures Performed: We have performed the following procedures for our risk assessment update:

- Interviewed key personnel involved in the accounting and reporting process.
- Developed an understanding of the accounting information system used by the District and verified the integrity of the financial information.
- Verified external audit reports are published on District's website.
- Verified the claims auditor was Board appointed and properly documented in the reorganization minutes.
- Verified the Board is provided with trial balances, revenue, appropriation status reports for all funds monthly.
- Reviewed general fund reserves to ensure all reserves are allowable per New York State and within legal limitations.
- Reviewed accounting information system permissions to ensure only employees who are authorized to record journal entries have the appropriate permissions.
- Sampled ten journal entries made during the year to ensure all journal entries are supported by adequate documentation that details the amount, accounts, purpose, and have been approved by an appropriate supervisor.

Observation: The District evaluates fund balance multiple times throughout the year, however we noted the District does not have a written multi-year fund balance and reserve plan, as recommended by the New York State Office of Comptroller, outlining capital and operational plans, desired funding level, use of reserves, and outline how surplus balances will be applied to reserves.

Recommendation: We recommend the District develop a multi-year written fund balance plan outlining management's goals with fund balance.

Observation: Although the District performs monthly treasurer's reports indicating cash balances the District does not prepare cash flow projections or cash flow analysis throughout the year as recommended by the New York State Office of Comptroller.

Recommendation: We recommend the District prepare cash flow projections/cash flow analysis throughout the year to identify the timing of major revenues and expenditures, determine amounts that could be invested longer, and to compare analytically with prior year cash balances. We also recommend the District present this projections/analysis to the Board quarterly, as recommended by the New York State Office of Comptroller.

Observation: We identified one employee who recently left the District was not timely deactivated within the accounting information system.



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Recommendation: We recommend the District implement procedures to timely deactivate employees once they have left the District.

Control Risk Ratings:

Assessing Financial Condition (L)  
Financial Accounting and Reporting (L)

Auditing (L)

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<b>PAYROLL, HUMAN RESOURCES, AND BENEFITS</b>
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Procedures Performed: We have performed the following procedures for our risk assessment update:

- Interviewed key personnel involved in the human resources process.
- Obtained an understanding of the controls surrounding new hires, separations, and human resources.
- We verified the District has an employee handbook and verified the handbook is updated annually.
- Reviewed the Board policy manual and verified the District has policies for recruiting and hiring and fingerprinting.
- Reviewed the District's hiring guidelines for certified staff and ensured policies and procedures were followed.
- Sampled five new hires during the year to ensure the District obtained all documents listed on the new hire checklists such as applications, certifications and qualifications, fingerprint clearance, and Board approval.
- Sampled five employees recently separated from the District to ensure proper documentation exists for the reason of exit and payment amounts were properly calculated and approved by an appropriate administrator. In addition, we verified employees were timely removed from system programs.

Observation: No exceptions noted.

Recommendation: No recommendations were noted.

Control Risk Rating:

Human Resources (L)

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**STUDENT SERVICES**

Procedures Performed: We have performed the following procedures for our risk assessment update:

- Interviewed key personnel involved in the student transportation process.
- Obtained an understanding of the controls for student transportation.
- Verified the District procures transportation services through a request for proposal (RFP) process and verified procedures are in place to submit a new request for proposal after five years.
- Verified the District maintains documentation to support and account for information such as contracts, contract extension, bus routes, etc.
- Verified the District has received approval from New York State and timely submitted all current transportation contracts.
- Examined supporting documentation to determine if the District has procedures in place to monitor bus driver qualifications, background checks, and attended safety trainings recently.
- Examined supporting documentation verifying the District reviews bus inspection records and has passed with no defects.

Observation: No exceptions noted.

Recommendation: No recommendations were noted.

Control Risk Rating:

Student Transportation (L)

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**STUDENT RELATED DATA AND SERVICES**

Procedures Performed: We have performed the following procedures for our risk assessment update:

- Interviewed key personnel involved in the student related data and services program process.
- We obtained an understanding of the program used by the District to track student attendance and student related information.
- Verified written policies and procedures exist to ensure required tasks are performed for reporting correct information for dropouts, test scores, enrollment, and cohorts.
- Verified documentation exists of the building principal's review of student attendance records.
- Verified the District has procedures in place to ensure home-schooled children take the necessary tests to satisfy assessment requirements.

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- Verified the District has a system to track the location of students who left the District.
- Verified the District has both a districtwide and building level safety plan.
- Verified the District has procedures in place to examine past incident reports and disciplinary records.
- Verified safety and lockdown drills are performed in accordance with New York State requirements.

Observations: No exceptions were noted.

Recommendations: No recommendations were noted.

Control Risk Ratings:

Student Attendance **(L)**

Reliability of Student Performance Data **(L)**

Student Security and Safety **(L)**

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**Status of Prior Year Observations:**

**Area: Governance and Control Environment:**

Observation: The District did not have the legally required Board policies:

- 4321.12 Timeout and Physical Restraint (All Students) as required by Education Law §4402(9) and 8 NYCRR §19.5.
- 9320 Drug-Free Workplace as required by 41 USC §§8101-8106 (Drug-Free Workplace Act).
- 9520.6 Policy on the Rights of Employees to Express Breast Milk in the Workplace as required by Labor Law §206-c.

Status: *Implemented.* We reviewed the District’s Board policy manual and verified all missing policies were adopted by the District.

Control Risk: Low (L)

**Area: Purchasing:**

Observation: We noted there was no evidence of the claims auditor’s review on the voucher package itself. Although, the claims auditor signs the final warrant, providing evidence of their review, we did not believe the methods of documentation is adequate to support all outgoing voucher packages were subject to sufficient scrutiny to assure their accuracy prior to their inclusion on a warrant or schedule of claims.

Status: *Implemented.* We selected five voucher packages from the athletics department and verified claims auditor’s approval was present on all voucher packages.

Observation: We noted one instance of a faculty member, who was able to initiate an order prior to obtaining purchasing agent approval. In addition, we noted this faculty member was able to change the shipping address from a District owned building to a personal address.

Status: *Implemented.* We selected five voucher packages from the athletics department and verified all purchases followed the proper approval path and were delivered to a District owned building.

Control Risk: Low (L)