



White Plains City School District

Updated Risk Assessment Report
Covering the State mandate for the Year Ending June 30, 2022

White Plains City School District

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TOBIN & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS, PC

To the Board of Education
White Plains City School District
White Plains, New York

We have performed an update to our previous Risk Assessment report, dated September 8, 2020, of the White Plains City School District (the District). The purpose of this engagement is to ensure compliance with applicable New York State laws and regulations under the Fiscal Accountability Initiative for the fiscal year ending June 30, 2022.

Our report updates the risk assessment scores and levels of the different processes of the District and highlights any improvements 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.

The Commissioner of Education Regulation Section 170.12(e)(4) requires that a school district prepare a corrective action plan, approved by its Board of Education, within 90 days of receipt of the final internal audit report. The corrective action plan must then be filed with the New York State Education Department.

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 White Plains City School District for their time and assistance during our engagement.

Sincerely,

Tobin & Company
Certified Public Accountants, PC

Tobin & Company
Certified Public Accountants, PC
October 21, 2021

White Plains City School District

Risk Assessment Overview

Summary of notable improvements to internal controls and procedures:

- 1) **(Business Office)** The Business Office created a shared drive for Human Resources, Payroll, and Accounting to share pertinent documents. This allows for continuous and direct communication, including access to needed documentation.
- 2) **(Business Office)** The Business Office meets with Human Resources weekly to discuss agendas and new changes.
- 3) **(Food Services)** The District continues to use a food service consultant to implement program recommendations.
- 4) **(Information Technology)** In order to assist in preventing employees from falling victim to potential future malicious e-mails, the District now confidentially informs employees that fail "Phishing tests" and explains what to look for when presented with suspicious emails.
- 5) **(Information Technology)** Intrusion detection tests are now performed annually and is included in the District's Information Technology plan and budget.
- 6) **(Accounts Payable)** The District recently updated and automated its travel mileage allowance request form.
- 7) **(Accounts Payable)** The District now requires employees to submit proof of attendance with expense documentation for conference reimbursements.
- 8) **(Purchasing)** The District has begun using Educational Data Services, Inc. (Ed Data). This saves time with the bidding process and provides district staff with a web-based tool to assist in purchasing supplies across various categories, while adhering to Municipal Purchasing Regulations.
- 9) **(Student Extraclassroom Activities)** Faculty Advisors and/or Student Treasurer/Officer are now required to sign off and certify club attendance and Extraclassroom board minutes.

Summary of newly noted areas for potential improvement:

- 1) **(Food Services)** In addition to providing meals for neighboring daycares, the District also purchases products, such as paper supplies, for them as well. Although the District is reimbursed, these are purchased through purchase orders budgeted and encumbered for District operations.
- 2) **(Information Technology)** The District uses Active Directory, managed by BOCES, as a hub for all District logins. On a nightly basis, a report is generated by Human Resources, with employee end dates, and is sent to BOCES. Using this, BOCES will disable those former employee login credentials. This District may want to consider, on an independent and annual basis, confirm these accounts were disabled.
- 3) **(Facilities and Operations)** On an annual basis, the District should compare a listing of active employee identification badges with current active employees to ensure there are no active badges for employees no longer working for the District.

At the request of the Board of Education of the White Plains City School District (the District) we have performed a review to update our Risk Assessment dated September 8, 2020. Our assessment includes an analysis of business procedures and activities. The risk assessment 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, management, and business office employees.
- We evaluated forms and documentation used in the daily business processes.
- We evaluated internal controls policies and procedures.
- We evaluated security of assets and sensitive information.
- We reviewed the audit reports issued by the District's External Auditors as well as the State Comptroller's Office, and third-party consultants.

Interviews of key personnel included the following:

Assistant Superintendent for Business - *Ann Vaccaro-Teich*

School Business Administrator - *Marcy Moskowitz*

Treasurer – *Lindsay Rose*

Payroll Clerk – *Hakim Brown*

Payroll Clerk – *Elizabeth Serrano-Tsoi*

Assistant Superintendent for Human Resources – *Scott Pepper*

Director for Human Resources – *Julie Cangro*

Purchasing Agent - *Toni Russo*

Transportation - *Sergio Alfonso*

Information Technology- *Ron Velez*

Student Activities Central Treasurer – *Annette Adamiak*

Student Activities Faculty Advisor – *Natasha Freeman-Mack*

Facilities and Operations - *Frank Stefanelli*

Employee Benefits - *Tina Manorqui*

Accounts Payable Claims Auditor – *Management Advisory Services*

Payroll Claims Auditor – *Management Advisory Services*

Food Service – *Dawn McGinn*

Accountant – *Anthony Anzovino*

Accountant – *Randi Degina*

White Plains City School District

Explanation of Risk Ratings

The risk assessment quantifies scores in various areas of the operations of the District. The scores determine if a particular area is graded 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 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.

Ax 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 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.*

White Plains City School District

Risk Ratings - Results

In the illustration below, we list each operational area, its previous assigned risk score, and the updated risk score, and level.

Risk Rating

Area of Review	<i>Previous</i>		<i>Current</i>	
	Score	Level	Score	Level
Human Resources and Benefits	77	Medium	76	Medium
Payroll	70	Medium	72	Medium
Food Service	62	Medium	62	Medium
Capital Projects	58	Medium	58	Medium
Information Technology	55	Medium	55	Medium
Purchasing and Payables	56	Medium	54	Medium
Facilities and Operations	53	Medium	52	Medium
Accounting/Reporting/Billing	53	Medium	52	Medium
Government Aid/Grants	47	Low	47	Low
Student Activities	47	Low	47	Low
Transportation	46	Low	46	Low

The following table presents previously reviewed areas.

Area of Review	Intensive Review History
Purchasing and Payables	Completed June 30, 2021
Benefits	Completed June 30, 2012 and 2020
Food service	Completed June 30, 2008, June 30, 2019
Accounting/Reporting/Billing	Completed June 30, 2018
Human Resources and Payroll	Completed June 30, 2009, June 30, 2017
Facilities Usage	Completed June 30, 2016
Grants / Aid / Fiscal Operations	Completed June 30, 2014
Facilities and Operations	Completed June 30, 2013
Information Technology	Completed June 30, 2011*
Student Activities	Completed June 30, 2010**

*During 2020, the District had an independent penetration test performed by the Lower Hudson Regional Information Center (LHRIC)

**During 2019, we conducted a limited review of club balances at Highlands Middle School

Recommendation for next intensive review area: Information Technology

The last time our firm performed an Intensive Review of Information Technology was for the year ended June 30, 2011. Due to the current landscape and increasing pressures to maintain strong Information Technology related controls, we believe a review of this area could benefit the District. Our audit procedures would consist of:

1. Interview key personnel in order to gain an understanding of the existing information technology environment, including but not limited to:
 - a. Network configuration and security
 - i. Design effectiveness
 - ii. Access rights
 - iii. Firewall and switches
 - b. Network physical components (maintenance and security)
 - i. Virtual and physical environment
 - c. Remote accessibility and security
 - d. Disaster recovery
 - e. Software licenses and warranties
 - f. Internet usage, filtering, allowed sites, security
 - g. Email retention
 - h. Data security (financial, and student information)
2. Review physical security
 - a. Check that server rooms were locked
 - b. Check that computer labs were locked
 - c. Check that computers lock after a fixed period of inactivity
 - d. Check that computers required login information after a reboot
3. Review list of selected nVision users.
 - a. Determine if those selected nVision users are current District employees.
 - i. Trace active users to current payroll register.
 - b. Review existing permissions in nVision for conflicts through sample testing.
 - i. Enter all permissions for selected sample into a matrix and review to identify conflicts (focus on business office).
4. Review list of student information system users.
 - a. Determine if student information system users are current District employees through sample testing.
 - i. Traced sample to current payroll register.
5. Review list of IEP Direct users.
 - a. Determine if IEP Direct users are current District employees through testing.
 - i. Trace users to payroll register.
 - b. Review existing access level for all users of IEP Direct
 - i. Match up the position within the District of each user and compare to the access level granted to them. Based on this comparison, determine if the level of access is appropriate.

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Summary of Reviewed Areas

HUMAN RESOURCES AND EMPLOYEE BENEFITS - Risk Score: 76

This area is highly significant not only due to its relationship with Payroll, but also due to the complexity and sensitivity in maintaining relations with employees' representative unions, related contractual obligations and compliance requirements. As a result, this area can never be given a score lower than *Medium*.

Benefits are offered to most District employees. Benefits include: health insurance, dental insurance, vision insurance, life insurance, and retirement plans. Employees are required to contribute a percentage of the monthly premium based on their contract. In recent years, the cost of benefits, specifically health insurance has increased. These costs have become a significant portion of a school district's budget. There have also been government regulations that have increased the complexity of health insurance. More than ever, it is important that districts maintain good internal controls and procedures over this area.

Significant internal control changes made since the last risk assessment report:

- 1) The Business Office meets with Human Resources weekly to discuss agendas and new changes.
- 2) The Business Office created a shared drive for Human Resources, Payroll, and Accounting to share pertinent documents. This allows for continuous and direct communication, including access to needed documentation.

Observations and recommendations:

- 1) Observation (Unresolved): Currently, the Benefits Clerk calculates, and inputs benefit payroll deductions. There is no independent review of these calculations and deductions.
Recommendation: On a sample basis, the District should perform an independent review of these payroll benefit deductions for accuracy.
- 2) Observation (Unresolved): There is no written procedure manual for Human Resources and Benefits.
Recommendation: The District should develop a written procedure manual. This will help ensure that operations can always continue without disruption and good procedures and controls remain in effect.

Current Assessment:

We noted several new process improvements within the area of Human Resources. Recently, there has been significant turnover within the Payroll Department. Because of its relationship with Payroll, it is essential for strong communication between the two Departments. We believe the above two process improvements will help alleviate some of the risks that result from employee turnover. We decreased the Risk Score slightly, however, the Risk Level remains at *Medium*.

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Summary of Reviewed Areas

PAYROLL - Risk Score: 72

Payroll is an area in which the high dollar volume in relation to the District budget inherently makes it a "higher risk" area. It is also an area that is generally susceptible to fraud. This makes it difficult for the risk level in this area to ever be rated low, regardless of the controls in place.

Significant internal control changes made since the last risk assessment report:

- 1) The Business Office meets with Human Resources weekly to discuss agendas and new changes.

Current Assessment:

The District recently faced significant turnover within the Payroll Department. The Senior Payroll Clerk retired, and Payroll Clerk resigned. The District named two new Payroll Clerks. As a result of the recent turnover, it is important for the District to continue to support Payroll as needed. Due to the turnover, we increased the score slightly, however, the Risk Level remains at *Medium*.

FOOD SERVICE - Risk Score: 62

Many districts contract an outside vendor to administer the food service. White Plains City School District provides in-house services.

Significant internal control changes made since the last risk assessment report:

- 1) The District continues to use a food service consultant to implement program recommendations.

Observations and recommendations:

- 1) Observation: In addition to providing meals for neighboring daycares, the District also purchases products, such as paper supplies, for them as well. Although the District is reimbursed, these are purchased through purchase orders budgeted and encumbered for District operations.
Recommendation: The District should consider creating an independent purchase order for supplies purchased for these daycares. This will assist in tracking purchases and ensure all are appropriately reimbursed.
- 2) Observation (unresolved): Food Services is responsible for both billing and receiving payments for daycare services.
Recommendation: The District's Business Office should be responsible for the billing and collections of payments from services provided to daycare centers.

Current Assessment:

The District recently hired a new Food Service Director. She brings with her significant school district food service experience and is fully committed to improving processes where needed. Although we noted new observations above, we do not believe they warranted an increase to the Risk Score. The Risk Level remains at *Medium*.

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Summary of Reviewed Areas

CAPITAL PROJECTS - Risk Score: 58

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.

Current Assessment:

The District continues to maintain effective controls over its capital projects. The Risk Level remains at *Medium*.

INFORMATION TECHNOLOGY - Risk Score: 55

Information Technology in education environments has basic inherent risks due to the concentration of critical information being in an electronic format and the need to provide the proper security over this information. Technology is ever changing and so are its dangers. We believe that the system and all of the District's data is secure. Technology must be monitored closely and vigilantly at all times, for the safety of information, as well as the students using computers within the District.

Significant internal control changes made since the last risk assessment report:

- 1) In order to assist in preventing employees from falling victim to potential future malicious e-mails, the District now confidentially informs employees that fail "Phishing tests" and explains what to look for when presented with suspicious emails.
- 2) Intrusion detection tests are now performed annually and are included in the District's Information Technology plan and budget.

Observations and recommendations:

- 1) Observation: The District uses Active Directory, managed by BOCES, as a hub for all District logins. On a nightly basis, a report is generated by Human Resources, with employee end dates, and is sent to BOCES. Using this, BOCES will disable those employee login credentials.
Recommendation: This District may want to consider, on an independent and annual basis, review these accounts to ensure they were disabled.

Current Assessment

The District maintains good controls over Information Technology and continues to make improvements as needed. Because Information Technology is always evolving, and new threats are constantly emerging, it is imperative that the District continue to adapt as needed. The risk level in this area remains at a *Medium Risk*.

PURCHASING AND PAYABLES - Risk Score: 54

Due to the significance of the activities in Purchasing and Payables, 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. Good internal controls and procedures will often reduce the risk to medium. Due to its nature, it is unlikely the area of Purchasing and Payables will ever rate Low Risk.

White Plains City School District

Summary of Reviewed Areas

Significant internal control changes made since the last risk assessment report:

- 1) The District recently updated and automated its travel mileage allowance request form.
- 2) The District now requires employees to submit proof of attendance with expense documentation for conference reimbursements.
- 3) The District has begun using Educational Data Services, Inc. (Ed Data). This saves time with the bidding process and provides district staff with a web-based tool to assist in purchasing supplies across various categories, while adhering to Municipal Law Purchasing Regulations.

Current Assessment:

We recently performed an intensive review in this area. Please refer to our report, dated January 16, 2021, for our test results and findings. As noted above, the District has since implemented many new processes and controls and is continuously looking for ways to improve.

We believe the above improvements warranted a decrease to the Risk Score, however, due to its inherent risk, the Risk Level of *Medium* remains.

FACILITIES AND OPERATIONS - Risk Score: 52

This area includes facilities maintenance, ground maintenance, custodial, and facilities rental. The Director of Facilities oversees the District's buildings, grounds, and facilities maintenance. The Director supervises a staff of approximately 84 people, (8 maintenance workers, 6 groundskeepers, 2 clerical, 58 cleaners, and 10 head custodians) as well as monitors construction and capital improvement projects.

Observations and recommendations:

- 1) Observation: The District does not currently review active employee building access badges to a listing of current District employees.
Recommendation: On an annual basis, the District should compare a listing of active employee identification badges, with current active employees to ensure there are no active badges for employees no longer working for the District.
- 2) Observation (Unresolved): We noted that the District is operating under an expired Intermunicipal Agreement for Joint Shared Services with the City of White Plains. The agreement expired June 2018. The District has developed a cost analysis of services provided. The analysis shows that the exchange of services is not equitable. The District has met several times with the City of White Plains Commissioner of Finance. However, to date there has been no progress on the renewal of this agreement.
Recommendation: We recommend that the District continue its efforts to obtain a new Intermunicipal Agreement with the City of White Plains.
Update: The District recently contacted the City to discuss the exchange of services and have not yet received a response.

Current Assessment:

While we did note potential areas for improvement, the District continues to maintain effective controls over Buildings and Grounds. Due to its nature, it is nearly impossible for the risk level of this area to ever be at a low level. However, we do believe the controls in place warranted a slight decrease in the score. However, the risk level remains at *Medium*.

White Plains City School District

Summary of Reviewed Areas

ACCOUNTING, REPORTING, AND BILLING- Risk Score: 52

This area includes all budget, accounting, financial reporting, and cash management functions of the District. The factors affecting this area included strategic planning impact and materiality to the financial statements, internal control environment and documentation of internal controls.

Current Assessment:

Since our last Risk Assessment, the District added an Accountant position which has provided additional support for various business office functions. We believe that this warranted a decrease to the Risk Score. Due to the inherent risk involved with this area, the Level remains at *Medium*.

GOVERNMENT AID/GRANTS - Risk Score: 47

School districts are entitled to a variety of program aid from the state and federal government. Government aid and grants can account for a significant source of funding for public education. Most state and federal program aid require certain applications and claim forms to be submitted at a determined schedule. This area has a medium risk rating.

Current Assessment:

We found that the controls in place were similar to neighboring districts. We assessed this area with a Risk Score of 47 and a Risk Level of *Low* due to existing controls over government and grant expenditures.

STUDENT EXTRACLASROOM ACTIVITIES - Risk Score: 47

The significant risk factors in this area are exchanging hands of cash, effectiveness of controls, internal control environment and documentation of internal controls.

Significant internal control changes made since the last risk assessment report:

- 1) Faculty Advisors and/or Student Treasurer/Officer are now required to sign off and certify club attendance and Extracurriculum board minutes.

Current Assessment:

The District continues to implement recommendations made by External and Internal Auditors. However, this area has never been subject to an Intensive Review by our firm. Although we noted no significant weaknesses in our Risk Assessment, we believe that this area could benefit for an in-depth review. The Risk Score remains at 47 and a Risk Level of *Low*.

TRANSPORTATION - Risk Score: 46

The District uses a third party contracted vendor to provide transportation for District students.

Current Assessment:

Transportation is normally a medium-low risk area due to its low susceptibility of monetary fraud or theft. The District continues to display effective controls over Transportation. As a result, we continue to assess this area as Low Risk.