



White Plains City School District

Updated Risk Assessment Report **with Corrective Action**
Covering the State mandate for the Year Ending June 30, 2022



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December 13, 2021

Tobin & Company
Certified Public Accountants, PC
2500 Westchester Avenue
Suite 117
Purchase, NY 10577

RE: Annual Risk Assessment – 2021/2022

Dear Mr. Tobin:

Thank you for your review and recommendations. We appreciate your recommendations since the District prides itself in seeking continual improvement to safeguard the assets of our community. We look forward to your future recommendations and feedback. Below please find the District's corrective action plan as it relates to the annual risk assessment.

If you have any questions, please contact Dr. Ann Vaccaro-Teich for assistance.

Sincerely,


Ms. Rosemarie Eller
Board President

White Plains City School District

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.

District's Response:

The District will review current procedures performed by the Claims Auditor, and will determine if additional procedures are needed on a periodic basis. This review and determination will be started immediately.

- 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.

District's Response:

The Human Resources Department is currently working on this initiative to be completed. They will complete this by June 30, 2022.

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Summary of Reviewed Areas

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*.

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.

District's Response:

Effective immediately, Family Services of Westchester will be purchasing paper supplies on their own and will not be receiving supplies through the District Food & Nutrition Program. As part of the United Preschool contract with the district, paper supplies are included with the cost of their meals. The programs that still receive paper supplies – Little Disciples; YMCA; YWCA are limited only to supplies that are required for meal service. These products are now ordered by the Food Service Director and distributed based on the number of meals being provided to each site, each month. These sites can no longer place a separate paper order and receive deliveries from our vendors.

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- 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.

District's Response:

As of November 2021, invoices for our daycare partners will be sent directly from our accounting office through use of nVision to record and track invoices and payments for these customers.

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*.

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.

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District's Response:

BOCES and the District use an automated network account activation and deactivation system for employee accounts called Tools4Ever.

On a nightly basis, an automated data file from the nVision financial/HR system is generated which indicates if there is a new employee or an employee's exit date. This file is automatically placed into a separate secure file transfer server at the BOCES/LHRIC. The Tools4Ever system automatically reviews this data file and any changes (new employees or left employee) reflected in that data file will automatically trigger the employee's network account to be created (activated) or deactivated. The Human Resources Office places a helpdesk call for every new employee on-boarded, so the Information Technology Office know which systems and access rights the employee would need based on job category. The Human Resources Office places a helpdesk call for every employee that leaves, which serves as a check and balance to make sure non-critical systems which may not be directly connected to the central computer accounts (known as Active Directory) are also deactivated.

In addition, every September or October, the Human Resources office submits a list of employees that have left, retired, etc. to the Information Technology Office, which is then double checked to make sure the network accounts were deactivated. This list is also shared with the Office of Special Education to make sure access to IEP direct is deactivated as well.

The additional measures the Information Technology office will add:

- Add an additional round of this above process in the spring with the Human Resources Office providing an additional list of left employees.
- The Information Technology Office will review a sampling of the deactivated employees every summer to make sure the deactivated accounts cannot be used to access critical systems.
- Explore if the IEP Direct System (Frontline) can integrate with the district's computer network accounts (known as Active Directory), so when the employee network account is deactivated, the IEP Direct account will also be automatically deactivated.

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.

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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.

District's Response:

The Facilities Office will review this listing periodically to ensure that there are no active badges outstanding for employees that are 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

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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*.

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 Extraclassroom 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:

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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.