

Miller Place Union Free School District

Annual Risk Assessment Update Pertaining to the Internal Controls of District Operations

June 2026

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED UPON PROCEDURES

The Board of Education
Miller Place Union Free School District

We have performed the procedures enumerated below, which were agreed to by the Miller Place Union Free School District (the "District"), solely to assist the District. This agreed upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We have updated our June 2025 Risk Assessment by performing certain internal audit procedures pertaining to the time period starting July 1, 2025 through June 30, 2026. The updated Risk Assessment and related internal audit plan concentrates on the following key internal control areas:

- Governance and Planning
- Budget Development
- Accounting and Reporting
- Revenue and Cash Management
- Grants
- Payroll
- Human Resources
- Benefits
- Purchasing and Related Expenditures
- Facilities Maintenance
- Capital Projects
- Fixed Assets
- Food Service
- Extraclassroom Activity Fund
- Information Systems
- Cyber Security
- Student Data Management
- Pupil Personnel Services
- Transportation
- Security and Safety
- Insurance / Risk Management

Our engagement is limited in scope and will be confined to our agreed-upon procedures. We will not be conducting an audit or review of the district's financial statements and therefore we will not express an opinion or any other form of assurance on them.

At the end of our engagement, we will present the results of applying the agreed-upon procedures in the form of our findings in a report. Our accountants' report should be used only for the intent of the original users of this report and will include a statement indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you. As such, using this report for anything other than the original intent of the agreed-upon procedures could mislead the readers. You must notify us immediately if the original users of the report change.

Very truly yours,

Nawrocki Smith LLP
October 20, 2026

Miller Place Union Free School District

Annual Risk Assessment Update Pertaining to the Internal Controls of District Operations

June 2026

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RISK ASSESSMENT OVERVIEW

This Risk Assessment report provides a presentation of our view of the school district's risk pertaining to its financial operations. It gives the District's administration the information necessary to help optimize its overall performance. The report identifies, expresses, and prioritizes the key program risks so that the District's administration can focus on those areas most critical to its success. This analysis is used to define the District's risk profile. It will provide an overview of the risks facing the District's operations.

In accordance with the laws of New York, 2005, Chapter 263, all school districts and BOCES were required to establish an internal audit function no later than July 1, 2006 and be in operation no later than December 31, 2006. This function should include, at a minimum, development of a risk assessment of district operations, including but not limited to:

- A review of financial policies, procedures, and practices.
- An annual review and update of such risk assessment.
- Annual testing and evaluation of one or more areas of the District's internal controls.
- Preparation of reports which analyze significant risk assessment findings.
- Recommended changes for strengthening controls and reducing identified risk; and specifying time frames for implementation of such recommendations.

Pursuant to Section 170.12 – Regulations of the Commissioner of Education – School District Financial Accountability, each school district must prepare a corrective action plan, approved by the Board of Education in response to findings to final reports issued by the internal auditor. This plan should include expected dates of implementation and should be filed with the New York State Education Department.

INTERNAL AUDIT OBJECTIVES

The objectives of our engagement are as follows:

- Develop an understanding of the critical business processes of the District within each functional area.
- Identify and qualify risks based on the understanding of the business processes and stated business rules.
- Identify stated controls that are currently in place to address those risks and ascertain if they are operating effectively.
- Recommend improvements in internal controls.

SCOPE AND METHODOLOGY

The Board of Education has engaged Nawrocki Smith as the District's internal auditor. In compliance with New York State Laws, we have performed an annual update to the District risk assessment with respect to policies, procedures, and internal controls pertaining to District operations. The procedures applicable to the annual update of the District's risk assessment were performed during the twelve months ending June 2026 and were carried out in order to determine an internal audit plan for fiscal year 2026/2027 and thereafter. This risk assessment will be updated annually to reflect any changes in the current control environment and the existing internal audit plan.

Our risk assessment consisted of the following methodology:

- Perform interviews of Administration and other appropriate personnel.
- Document procedures within key Functional Areas.
- Identify key controls and perform audit tests of those controls.
- Assess effectiveness of the key controls.
- Identification and review of organization structure.
- Analysis of risks that are a threat to the achievement of objectives.
- Create a risk profile and internal audit plan.

In addition to the above procedures, we have also evaluated and considered the following within our overall risk assessment:

- District policies and procedures.
- Recent focus of State Comptroller Audits.
- Board of Education/Audit Committee Meetings.
- Materiality to Financial Statements.
- Changes in management or key personnel.
- Financial reports provided to the Board.
- External auditor management letters.
- District corrective action plans.
- Organizational chart and job descriptions.

INTERNAL AUDIT RISK ASSESSMENT UPDATE SUMMARY

We have analyzed twenty-one (21) Business Process areas within the District and have developed an internal audit plan based upon our assessment of each area. Each of the twenty-one (21) Business Processes contains multiple categories for which an extensive cycle analysis will be performed during the proposed time period noted within the risk rating and internal audit plan. The plan as presented will be revised each year based upon the annual risk assessment update and events/requests that occur during the year which impact the priority of future internal audit services.

The results of our initial risk assessment are summarized below and, in the tables, presented on pages 5 through 7. We have utilized a "Low," "Moderate," and "High" control risk rating assessment scale of the organization.

CURRENT YEAR RATINGS

Rating	2025/2026	
High	-	*0.00%*
Moderate	4	*4.35%*
Low	88	*95.65%*
Total	**92**	***100.00%***

CHANGE FROM PRIOR YEAR

Category (*)	Count	
"High" to "Low"	-	*0.00%*
"High" to "Moderate"	-	*0.00%*
"Moderate" to "Low"	-	*0.00%*
"Low" to "Moderate"	2	*100.00%*
"Moderate" to "High"	-	*0.00%*
Total	**2**	***100.00%***

Our June 2026 risk assessment update contains two (2) recommendations, as follows:

Business Process	Recommendation(s)
Human Resources	2
Total	**2**

The prior year risk assessment report contained no recommendations.

	Complete	In-Process	Not Started	Total
Recommendations	-	-	-	-

We have summarized below our work plan for the 2026/2027 fiscal year:

Cycle Reviews:	Other 2026/2027 Planned Internal Audit Services:	
• Payroll	• Human Resources Cycle Recommendations Follow-Up	• Annual Risk Assessment Update as of June 2027
• NIST GAP Analysis-(on-going)	• Key Control Testing and External Audit Corrective Action Plan Monitoring	• Other Internal Audit Services at the Request of the District/BOE

Miller Place Union Free School District
Annual Risk Assessment
June 2026

Risk Rating and Internal Audit Plan

√ = Internal Audit Services Provided	X = Proposed Business Cycle Review
★= Business Cycle Review Complete	T = Proposed Key Control Testing

				RISK			YEAR OF SERVICE		
	Business Process		Business Process Categories	Inherent	Control		Prior	26-27	Subsequent
					24-25	25-26			
1	Governance and Planning	1	Governance Environment	H	L	L			X
		2	Control Environment / Policies& Proc.	H	L	L	✓	T	X
2	Budget Development	3	Budget Development	H	L	L	✓		X
		4	Budget Monitoring & Reporting	H	L	L	✓		X
3	Accounting & Reporting	5	Financial Accounting and Reporting	H	L	L	✓		X
		6	External/Internal/Claims Auditing	H	L	L			X
		7	Fund Balance Management	H	L	L			X
4	Revenue and Cash Management	8	Real Property Tax	M	L	L	★		
		9	State Aid	H	L	L	★		
		10	Out of District Tuition/Reimb. Exp.	M	L	L	★		
		11	Use of Facilities	L	L	L	★		
		12	Donations	M	L	L	★		
		13	Vending Machines	H	L	L	★		
		14	Cash Receipts	H	L	L	★		
		15	Cash & Investment Management	H	L	L	★		
		16	Petty Cash	L	L	L	★		
		17	Bank Reconciliations	H	L	L	★		
		18	Online Banking	H	L	L	★		
		19	Accounts Receivable	H	L	L	★		
5	Grants	20	General Processing	H	L	L	★		
		21	Grant Application	M	L	L	★		
		22	Allowable Costs & Expenditures	H	L	L	★		
		23	Monitoring	M	L	L	★		
		24	Reporting	H	L	L	★		
6	Payroll	25	Payroll Disbursements	H	L	L	★	X	
		26	Overtime Reporting	H	L	L	★	X	
		27	Payroll Accounting & Reporting	H	L	L	★	X	
		28	Payroll Tax Filings	H	L	L	★	X	
		29	Payroll Reconciliation	H	L	L	★	X	
7	Human Resources	30	Employment Requisition/Hiring	H	L	L	★		
		31	Personnel Evaluation	H	L	L	★		
		32	Termination	H	L	L	★		
		33	Employee Attendance	H	L	M	★		

Risk Rating and Internal Audit Plan (Continued)

√ = Internal Audit Services Provided	X = Proposed Business Cycle Review
★= Business Cycle Review Complete	T = Proposed Key Control Testing

				RISK			YEAR OF SERVICE		
	Business Process		Business Process Categories	Inherent	Control		Prior	26-27	Subsequent
					24-25	25-26			
8	Benefits	34	Eligibility	H	L	L	★		
		35	Benefit Calculations	H	L	L	★		
		36	Patient Protection & Affordable Care Act	H	L	L	★		
		37	Retiree Benefits	H	L	L	★		
		38	ERS/TRS	H	L	L			
9	Purchasing and Related Expenditures	39	PO System & Vendor Database	H	L	L	★		
		40	Purchasing Process	H	L	L	★		
		41	Payment Processing	H	L	L	★	T	
		42	Employee Reimbursements	H	L	L	★		
		43	Credit Cards	H	L	L	★		
10	Facilities Maintenance	44	Facilities Maintenance/Work Orders	H	L	L	✓		X
		45	Staff Supervision	M	L	L			X
		46	Preventive Maintenance	M	L	L			X
		47	Coordination with Outside Vendors	M	L	L			X
11	Capital Projects	48	Construction Planning & Monitoring	H	L	L	★		
		49	Capital Project Funding & Payments	M	L	L	★		
		50	Recordkeeping & Reporting	M	L	L	★	T	
12	Fixed Assets	51	Inventory/ Capitalization Policy	H	L	L	★		
		52	Acquisition and Disposal	H	L	L	★		
		53	Inventory Process & Recordkeeping	H	L	L	★		
13	Food Service	54	Sales Cycle and System	M	L	L	★		
		55	Inventory and Purchasing	M	L	L	★		
		56	Free & Reduced Meals	M	L	L	★		
		57	Federal and State Reimbursement	H	L	L	★		
		58	Financial Reporting & Monitoring	H	L	L	★		
14	Extraclassroom Activity Fund	59	General Controls	H	L	M	★		
		60	Revenue	H	L	L	★		
		61	Expenditures	M	L	L	★	T	
		62	Reporting	M	L	L	★		

Risk Rating and Internal Audit Plan (Continued)

√ = Internal Audit Services Provided	X = Proposed Business Cycle Review
★= Business Cycle Review Complete	T = Proposed Key Control Testing

	Business Process		Business Process Categories	RISK			YEAR OF SERVICE		
				Inherent	Control		Prior	26-27	Subsequent
					24-25	25-26			
15	Information System	63	Governance	H	L	L	✓	X	
		64	Inventory	H	L	L	✓	X	
		65	Network Security	H	L	L	✓	X	
		66	Application Security	H	L	L	✓	X	
		67	Physical Security	H	L	L	✓	X	
		68	Disaster Recovery	H	L	L	✓	X	
16	Cybersecurity	69	General Controls	H	M	M	✓	X	
		70	Information & Asset Security	H	L	L	✓	X	
		71	Vulnerability Assessment	H	L	L	✓	X	
		72	Incident Response & Recovery	H	L	L	✓	X	
17	Student Data Management	73	Registration & Enrollment	H	L	L	★		
		74	Student Attendance	H	L	L			X
		75	Student Performance	H	L	L	✓		X
		76	Student Eligibility	H	L	L		T	X
18	Pupil Personnel Services	77	Budgeting and Planning	H	L	L	★		
		78	STAC Reimbursement	H	L	L	★		
		79	Medicaid Reimbursement	H	L	L	★		
		80	RFP and Contracts	H	L	L	★		
19	Transportation	81	Fleet Inventory and Maintenance	H	L	L			X
		82	Bus Routing and Planning	H	L	L	✓		X
		83	Labor and Supervision	H	L	L			X
		84	Contract Management	H	L	L	✓		X
		85	Federal and State Reimbursement	H	L	L	✓		X
20	Safety & Security	86	Plan Development & Strategy	H	L	L	✓		X
		87	Building Access & Security System	H	M	M	✓		X
		88	Compliance and Incident Reporting	H	L	L			X
		89	Safety & Security Monitoring	H	L	L			X
21	Insurance / Risk Management	90	General	H	L	L			X
		91	Policy Management	H	L	L			X
		92	Claims Reporting	H	L	L			X

Inherent Risk - Inherent risk pertains to the overall school district industry. Inherent risk is the risk of a material misstatement may occur assuming the absence of internal controls.

Control Risk - Control risk pertains specifically to the Miller Place Union Free School District. Control risk is the risk that a material misstatement will not be detected and corrected by Management's internal controls on a timely basis.

RISK ASSESSMENT OBSERVATION

Current Year Observations and Recommendations

Human Resources

1. We noted that only initial certifications are entered into and tracked in nVision. Permanent and professional certifications are reviewed and confirmed prior to an employee being hired, however, the certification information is not entered into nVision.

- *We recommend that all certification information be entered into and tracked in nVision. Although permanent and professional certifications do not expire, it would be beneficial to have all certifications in nVision to easily confirm an employee is certified for a specific grade and/or area in the event of a position change.*

2. We noted that there is clerical employee in the main office of each school building that is responsible for tracking and documenting daily employee absences. The building principals are responsible for reviewing daily absences and assisting with class coverage to ensure that all classes are assigned a substitute teacher for the day. Although daily absence reports are reviewed by building principals, the review is not documented.

- *We recommend that building principals continue to assist with class coverage and review daily absences for the respective buildings. To enhance this process, each building principal should sign and date the daily absence list before it is sent to the Human Resources Department for recording.*

Status of Prior Year Recommendations

- *No prior year recommendations.*

EXHIBITS

Exhibit I History of Internal Audit Reports Issued

Exhibit II Internal Audit Plan for 2026/2027

Miller Place Union Free School District
Internal Audit - Nawrocki Smith LLP
History of Internal Audit Reports Issued
Years: 2015/2026 - 2025/2026

	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
Risk Assessment	X	X	X	X	X	X	X	X	X	X	X
Accounting and Reporting											
Fund Balance Analysis						X					
Journal Entries			X	X							X
Corrective Action Plan - Comptroller's Report											
Corrective Action Plan - External Audit	X	X	X	X	X	X	X	X	X	X	X
Benefits		X							X		
Affordable Care Act											
Employee Medicare Reimbursement Analysis											
Budget Development											
Budget Transfers		X		X					X		
Capital Projects/Facilities	X										
Facilities Maintenance											
Facilities/Capital Projects - State Aid Reimbursement											
Use of Facilities Policy				X							
Cyber Security										X	X
Data Security											
Penetration Testing (Vulnerability Assessment)	X										
Extraclassroom Activity Fund											
Cash Disbursements		X					X				
Cash Receipts		X					X				
Fixed Assets											
Acquisition & Disposal											
Inventory							X				
Food Service											
Eligibility Verification											
Sales System	X										
Purchasing & Inventory											
Grants				X							
Applications											X
ARRA Funds Review											
Human Resources											X
Employee Attendance			X						X		
Employee Hiring										X	
Employee Credentialing					X	X					
Employee Termination											
Administrative Contracts											
Cabinet Attendance Review	X										
Superintendent Attendance Review	X	X	X	X	X	X	X	X	X	X	X
Information Systems										X	X
Audit Log					X						
IT Financial Applications - Permission Testing	X			X							
Payroll			X								
Disbursements - Contractual						X				X	
Disbursements - Hourly Employees						X				X	
Internal Controls Audit											
Payroll Payout											
Payroll Tax Filings					X						
Stipend Testing											
Retirement Payout Analysis	X		X	X	X	X	X	X	X	X	X
Programs											
Physical Education				X							
Driver's Education Program			X								

Miller Place Union Free School District
Internal Audit - Nawrocki Smith LLP
History of Internal Audit Reports Issued
Years: 2015/2026 - 2025/2026

	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
Pupil Personnel Services								X			
Medicaid Reimbursement			X								
RFP & Contracts											
STAC Reimbursement			X								
Health Services Contracts											
Purchasing		X					X				
Payment Processing											
Credit Cards											
Travel and Conferences											
Vendor Database Analysis			X								
Administration Expense Reimbursement Review											
Cabinet Expense Reimbursement Review	X										
Superintendent Exp. Reimbursement Review	X	X	X	X	X	X	X	X	X	X	X
Revenue and Cash Management			X								
Bank Reconciliations & Treasurer's Reports	X	X		X	X	X	X	X			
Cash Receipts		X		X							
Out of District Tuition											
Petty Cash Testing											
Reserves Analysis						X					
Use of Facilities											
Vending Machines	X										
Safety and Security											
Building Access & Security System				X					X		
Compliance and Incident Reporting										X	
Plan Development & Strategy											
Student Data Management										X	
Student Registration and Enrollment											
Student Performance/Grade Change		X									
Transportation											
Bus Routing & Planning											
State Aid											X
Transportation Contract Management						X					

Miller Place Union Free School District
2026/2027 INTERNAL AUDIT PLAN
(Based upon June 2026 Risk Assessment)

2026/2027 Cycle Review	Status
• Payroll	Planned for Nov-26

Key Control Testing Areas	
• Payment Processing	Planned for Jan-27
• Capital Projects – Recordkeeping and Reporting	Planned for Feb-27
• Student Eligibility	Planned for Mar-27
• ECAF – Cash Disbursements	Planned for May-27

Additional Internal Audit Services	Status
• Annual Risk Assessment Update Report as of June 2026	Complete
• Superintendent Expense Reimbursement	Planned for Mar-27
• Superintendent Attendance	Planned for Mar-27
• NIST Framework GAP Analysis	In Process
• Annual Risk Assessment Update as of June 2027	Planned for Jun-27
• External Audit Corrective Action Plan Review	Planned for Mar-27
• Retirement Payout Analysis	Planned for Jun-27
• Other Internal Audit Services at the Request of the District	As Requested

Tentative On-Site Internal Audit Schedule:

November 19th
December 21st
January 21st
February 24th
March 24th
April 7th
May 12th
June TBD