Lewiston Porter School District

Risk Assessment and Internal Audit Plan

April 14, 2026

withum

ADVISORY TAX AUDIT

April 14, 2026

Audit Committee
Assistant Superintendent for Administrative Services
Lewiston-Porter Central School District
4061 Creek Road
Youngstown, New York 14174

Dear Audit Committee:

This report, as expressed in the risk assessment ratings, provides you, the District's management, and the audit committee with the assessment of the need for controls and a means to prioritize risk mitigation efforts. The risk assessment is an initial step in your risk management program of assessing risk, evaluating controls, reviewing control effectiveness, and adapting measures to achieve an acceptable level of risk. The risks noted in the risk assessment should be evaluated in light of your existing policies and practices to identify potential improvements or changes in the control structure based on the level of risk presented. To assist you in establishing review programs for these activities, a potential internal audit plan and schedule for the auditable entities are provided.

We appreciate the opportunity to prepare this risk assessment for Lewiston-Porter Central School District and are available to assist you in carrying out other portions of the risk management program including the work plan. We are also available to answer your questions. Please contact Please contact Kathryn Barrett or Joanne Spencer at 585-344-1967.

Sincerely,

Kathryn Barrett, CPA
Partner, Attest

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EXECUTIVE SUMMARY

The internal audit function's primary responsibility is to assist the Board of Education in ensuring that control risks are identified and that appropriate internal controls are in place to address those risks. An entity's internal control is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance that assets and District information is adequately safeguarded and reduce the likelihood that errors and/or irregularities could occur and go undetected.

In December 2015, the audit committee requested that Freed Maxick P.C. (now Withum Smith+Brown P.C.) perform an initial risk assessment and prepare an internal audit plan for Lewiston-Porter Central School District. This report represents an update to the initial risk assessment that was performed for the Lewiston-Porter Central School District (the District). It has been updated for all modifications made to the internal controls since the initial risk assessment was performed. This risk assessment and internal audit plan will be used to develop the scope and direction of the internal audit program to be deployed by the District and WithumSmith+Brown, PC (Withum) during the current fiscal year.

Establishment of a comprehensive internal audit program will enable the District to align its mission and vision with its operational structure and environment, assess risk as it relates to materiality, opportunity, and organizational objectives, control risk mitigation, improve organizational functionality through value-added communication and information resourcing, and vigilantly monitor the effectiveness of internal control to promptly counteract any shortfalls. It can also be used to determine what resources will be needed to complete the identified higher risk internal audits.

Intrinsic in the risk assessment of the District is the concept of materiality. Those areas of the District that deal with more significant dollars or a higher volume of transactions will most likely score as higher risk merely due to the dollars and number of transactions passing through those transaction cycles.

The objective of this report is to ensure that District has sufficient and continuous internal audit coverage of those areas judged as having a relatively higher risk profile or that otherwise require internal audit attention for regulatory or management reasons.

The scope of the risk assessment and internal audit plan has been reviewed and approved by the Audit Committee of District, who in turn has final responsibility and authority for the satisfactory execution of the internal audit plan. The risk assessment and internal audit plan is primarily risk-based and is organized around the District's major internal control cycles. The plan was developed based on detailed interviews with employees, administrative personnel, the results of previous internal and external audits, and our cumulative knowledge of the District's internal control risks.

Our interviews with employees, management and administrative personnel were directed toward gaining a thorough understanding of the objectives and related risks in each internal control area, from the perspective of the individuals responsible for controlling such risks. Using this information and input, we evaluated the level of risk (low, moderate or high) present in each area; across a standard spectrum of risk categories (see Appendix for risk category definitions). A summary of this risk analysis by control cycle is included subsequently. The risk assessment process also drives the planned scope of the internal audit coverage, which is summarized by internal control area.

District administration and the Audit Committee are responsible for establishing and maintaining effective

internal control. Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Results of Review of Internal Controls and Conference Calls

During our review of the internal controls of the District, we noted the following:

Current Year Findings:

STAC Processing:

- During our recent internal audit, we identified weaknesses in internal controls over the STAC processes. We recommend the District review the findings noted in the internal audit report and implement corrective actions as deemed necessary.

  Management Response: The Director of Special Education has developed new systems since beginning in this position in July 2025. Additional staff training along with a new third party consultant beginning in July 2026 will continue to enhance the process.

General Ledger:

- Withum noted that there is no formal review of the journal entries recorded by the District Treasurer. We recommend a report of all general ledger entries recorded for the month be reviewed for any irregularities or unusual entries by an individual who is responsible for overseeing the activities of the District Treasurer. The review should subsequently be documented on the report and filed with all the documentation supporting the journal entries.

  Management Response: The Assistant Superintendent will require the Treasurer to submit a journal entry report for review to ensure accuracy beginning May 2026.

Information Technology

- The District does not test their backups on a regular basis to confirm the integrity of the backups. Backups are being performed on a daily basis, but are only tested periodically by BOCES. Withum recommends that the District regularly test their backups on a set cadence.

  Management Response: The Director of Technology will conduct the backup testing along with individuals from BOCES. The District will conduct the backup testing bi-monthly beginning May 2026.

Prior Year Findings:

The findings noted below were identified in previous risk assessments and have not been remediated based on our review of policies, procedures, and internal controls in effect during the fiscal year 2025 risk assessment:

Cash Receipts:

- When cash and checks are provided to pay for a community education course, the registration is manually entered into Coursestorm for tracking. There is no reconciliation performed over fees collected compared to class registrations. We recommend the Community Education Coordinators reconcile the fees collected to class registrations. We further recommend a profit analysis be performed comparing revenue received to cost incurred to ensure overall profitability. This analysis should be reviewed and reconciled against the general ledger by the Treasurer.

  Management Response: A system will be established by the Coordinators to reconcile the registrations, which will allow the Treasurer to verify general ledger accuracy. This will begin with the 2026-27 school year.

General Ledger:

- Accounting periods within nVision can be re-opened by the District Treasurer with prior approval from the Assistant Superintendent for Administrative Services. The Treasurer verbally communicates her request but the ability to freely reopen exists. Further, there is no monitoring of periods reopened. Withum recommends either a formal request and approval process be put in place to ensure monitoring of accounting periods is being performed, that accounting change logs be printed and reviewed on a monthly basis by the Assistant Superintendent for Administrative Services, or someone independent of the District Treasurer be given the ability to re-open periods.

  Management Response: Beginning in July 2026, the ability to open and close accounting periods will be assigned to one person independent of the accounting function and change logs will be produced for review.

Fixed Assets:

- The District has not had a full physical inventory performed since 2018. We recommend that the District perform a complete physical inventory of all fixed assets, either internally or using a third party every five years. Once completed, the District should review any discrepancies identified between the District's inventory of fixed assets to the physical inventory taken for errors, make the appropriate changes to the District's inventory records, and confirm all assets are tagged with an identification number for subsequent inventories.

  Management Response: A quote for a physical inventory has been solicited and received from Industrial Appraisal. It is anticipated to be executed and scheduled for the second half of 2026.

Information Technology:

- Although employees responsible for the information technology (IT) function understand their role, responsibilities, and processes that are to be followed to ensure the District's IT functions operate properly, during our risk assessment we noted some process areas were not well documented and did not clearly communicate management's expectations to employees responsible for IT functions. Formally documented standards for various IT processes helps to ensure employees are aware of their responsibilities related to IT processes and management's intentions regarding implementing those responsibilities. Formal documentation for each IT process should exist. Termination Access Revocation Policy and Procedures could have improved formal documentation.

  We recommend the District formally document all IT processes to the extent necessary to ensure employees responsible for IT functions understand their roles and responsibilities, have a consistent process to follow, and that the process that has been established is consistent with management's expectations. Once these policies and procedures are documented, they should be reviewed at least annually for any updates that are required.

  Management Response: An IT handbook will be developed during the 2026-27 school year by the Director of Technology along with the assistance of the Erie 1 BOCES staff to more formally define roles and responsibilities.

Other Matters for Consideration

Information Technology:

- As noted in the prior year's risk assessment, the District receives an annual IT Risk Assessment from Erie 1 BOCES, which is also responsible for maintaining the District's IT security and servers. This risk assessment service by Erie 1 BOCES could include potential conflicts of interests for the District's internal IT department to consider when relying on the Erie 1 BOCES Risk Assessment report. Potential conflicts of interest include increased incentive to identify non-existence or insignificant risks that Erie 1 BOCES could provide additional services to the District for, reduced transparency in the risks impacting the District if they relate to Erie 1 BOCES's other services, and the ability to downgrade significant risks to lower ratings as a means of artificially mitigating the risk. We recommend the District consider an external party, not involved in providing IT security, be contracted to perform the IT Risk Assessment to provide an independent report. Alternatively, the Director of IT and IT staff should review the Erie 1 BOCES risk assessment report with a critical eye and challenge risks identified or noted as mitigated when relating to services provided by Erie 1 BOCES.

Other:

The following are other risks that have been identified in previous risk assessments where the District has determined the risk to be very low or has reviewed the risk and has determined the District does not currently have the resources available to address the situation. Thus, the District has accepted the identified risks at this time:

- There is a lack of segregation of duties over retiree health insurance billing and receipts. The Benefits Administrator prepares the retiree health insurance bills, receives the payments, follows up with the retirees on any unpaid amounts and maintains the health insurance spreadsheet.

Corrective Actions Taken on Previously Reported Findings

General Ledger:

- In the prior year's risk assessment, we noted that nVision reports were not accurate due to a long-standing practice of the former Treasurer to manually reconcile the bank statements to cash balances reported in nVision (i.e. bank reconciliations were not completed within nVision resulting in numerous errors within the general ledger). *We noted that as of now, all funds and cash accounts have been reconciled within nVision.*

- In the prior year's risk assessment, we noted that there was no specific review by the Assistant Superintendent of Administrative Services of the journal entries prepared and recorded by the District Treasurer. *We noted that any journal entries recorded by the District Treasurer are now being reviewed by the Assistant Superintendent of Administrative Services, although the review is not formally documented.*

- In the prior year's risk assessment, we noted the accounting periods within nVision had not been closed by the District Treasurer since September 2024 due to the District's continuing efforts to reconciling cash transactions as noted above. *We noted the reconciliation of prior periods has been completed and the respective accounting periods have since been closed.*

General Operations:

- In the prior year's risk assessment, we noted the District did not have formally documented procedures for various functions throughout the District (e.g., payroll, general ledger maintenance, cash receipts, etc.). *In the current year, we noted District has created narrative documentation for all operational positions detailing tasks and processers. This narrative documentation is updated and shared with internal and external auditors annually.*

Internal Claims Audit:

- In the prior year's risk assessment, we noted that the Internal Claims Auditor for the District did not meet with the Board at least annually to review the claims audit process, explain any reoccurring findings and provide the Board an opportunity to ask in-depth questions. *We have noted that the Internal Claims Auditor now meets with the Board at least once a year to discuss any relevant items.*

RISK ASSESSMENT SUMMARY

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	Inherent Risk Factors								Control Risk Factors							
Risk Factors>>> (Definitions of the Risk Categories can be found in the Appendix)	Ext Mkt Rep	Financial	Operational	Legal/Regulatory	Strategic	Tech/Systerm	People/Culture	Fraud	Monitoring	Info/Communications	Control Activities	Risk Assessment	Control Enviro.	Current Year Risk Score	Current Year Rating	Prior Year Risk Score
Budgeting, Governance and Reporting	L	L	L	L	M	L	L	L	S	S	S	S	S	208	11	227
State Aid	L	H	L	L	L	L	L	L	S	S	S	S	S	224	5	237
STAC Processing	L	L	M	L	L	L	M	L	W	S	M	S	S	290	1	235
Medicaid Billing	L	L	L	L	L	L	L	L	S	S	S	S	S	200	13	222
Grants	L	L	L	L	L	L	L	L	S	S	S	S	S	200	14	212
Centralized Cash Receipts	L	L	L	L	L	L	L	L	S	S	S	S	S	200	12	233
Continuing Education Cash Receipts	L	L	M	L	L	L	L	L	M	S	S	S	S	232	2	232
School Lunch Cash Receipts	L	L	M	L	L	L	L	L	S	S	S	S	S	210	10	200
Purchasing and Cash Disbursements	L	H	L	L	L	L	L	L	S	S	S	S	S	224	6	224
Payroll Processing	L	H	L	L	L	L	L	L	S	S	S	S	S	224	4	236
Employee Benefits and Paid Time Off	L	M	L	L	L	L	L	L	S	S	S	S	S	212	9	212
General Ledger Maintenance	L	L	M	L	L	L	L	L	S	S	S	S	M	230	3	290
Wire Transfers	L	L	L	L	L	L	L	L	S	S	S	S	S	200	15	213
Fixed Assets	L	L	L	L	L	L	L	L	M	S	S	S	S	222	8	222
Fuel Depot	L	L	L	L	L	L	L	L	S	S	S	S	S	200	16	200

RISK ASSESSMENT SUMMARY (CONTINUED)

	Inherent Risk Factors								Control Risk Factors							
Risk Factors>>> (Definitions of the Risk Categories can be found in the Appendix)	Continuance of Business	Communications/Network	Business Units Served	Complexity of Env.	Staffing	Availabilty/Response	Computing Platform	Information Sensativity	Monitoring	Info/Communications	Control Activities	Risk Assessment	Control Enviro.	Current Year Risk Score	Current Year Rating	Prior Year Risk Score
Information Technology	L	L	L	L	L	L	L	L	M	S	S	S	S	222	7	245

Key

Inherent Risk Factors

L	Low Risk
M	Moderate Risk
H	High Risk

Control Risk Factors

S	Strong Control
M	Moderate Control
W	Weak Control

INTERNAL AUDIT PRIORITIES

In order to address the higher risk activities and other areas of concern identified during the business risk assessment process, the following internal audit activities need to occur in the near future:

- STAC Processing - Due to the inherent risks associated with cost calculations for students eligible for excess cost aid and lack of internal controls over cost calculations, this area has been identified as being of higher risk within the District. We will review student Individual Education Plans (IEP) and verify all services provided to the students are included in the calculation of the education costs of those students. We will verify the District has documented how the costs are to be calculated and include all eligible benefits of the instructors responsible for providing services to those students. We will verify that all STACs filed by the District have been accepted by the State Education Department. This area was tested in January 2026.

- Continuing Education Cash Receipts – Due to the inherent risk of fraud within the cash receipts cycle and identified control weaknesses, this area has been identified as an area of higher risk. We will review student registration forms and trace student registration forms to the receipts, cash receipt log, bank deposit and class rosters. We will verify that the selected cash receipt was properly recorded in the general ledger and verify that the corresponding deposit was made in a timely manner. We will also review department report and profit/ loss statements generated by the Director of Community Education and provided to the Board of Education.

- General Ledger Maintenance - Due to the control risk associated with unauthorized access to the District's general and lack of monitoring of general ledger activities, this has been identified as an area of higher risk. We will review general journal entries prepared by management to verify that they have a business rationale, are supported by appropriate documentation, and are approved by supervisory management. This area was tested in April 2024.

- Payroll Processing – Due to the financial and inherent risks associated with payroll for school districts in general, this area has been identified high risk within the District. WSB will test payroll registers for selected employees to verify that employees listed are employed by the District and are paid in accordance with their contract. We will test hourly employees to verify that the hours paid are supported by time sheets and that the time sheets have been approved by a supervisor and that they have been paid the correct rates. This area was tested in February 2024.

- State Aid - Due to the financial and strategic impact that state aid has on the District this area has been identified as being of higher risk within the District. We will test the data reported to the State Education Department to verify that it is accurate and verify ST-3 expenditures to ensure that the District spent the maximum amount of state aid provided.

BUSINESS RISK ASSESSMENT SIGNIFICANT CHANGES

BUDGETING, GOVERNANCE AND REPORTING

A new Assistant Superintendent was hired in September of 2025, but has extensive experience with school districts and in this specific role at Lewiston-Porter. Additionally, the Board now receives reports from the Treasurer to ensure reporting transparency.

CENTRALIZED CASH RECEIPTS

The District is now utilizing Systems East as their tax system rather than TaxPro.

SCHOOL LUNCH CASH RECEIPTS

The District is now utilizing the Mosaic System for the school lunch program, as of June 2025.

GENERAL LEDGER MAINTENANCE

Various improvements have been made based on prior year findings, such as an informal process of approving the accounting period re-opening, a review of the District Treasurer's journal entries by the Assistant Superintendent, and all funds and accounts being reconciled within nVision.

MEDICAID BILLING

The Director of Special Education is now meeting with the Medicaid consultant on a regular basis to ensure full transparency to the processes and reporting being done.

The following business areas did not have significant changes during the review period:

- State Aid
- STAC Processing
- Grants
- Continuing Education Cash Receipts
- Purchasing and Cash Disbursements
- Payroll
- Employee Benefits and Paid Time Off
- Wire Transfers
- Fixed Assets
- Fuel depot
- Information Technology

INTERNAL AUDIT PLAN

The Internal Audit Plan summarized below, illustrates the detailed yearly plan estimated to complete the Internal Audit Strategy outlined in the *Business Area Risk Assessment and Internal Audit Strategy* section of this report.

The shaded areas denote the internal audits that were performed during the years 2017 through 2026. No internal audits were conducted prior to 2017 or in 2018 through 2023.

Business Area	2024	2025	2026	2027	2028	2029
Lines of Business						
Budgeting, Reporting and Governance						
State Aid						
STAC Processing			X			
Medicaid						
Grants						
Centralized Cash Receipts						
School Lunch Cash Receipts						
Continuing Education Cash Receipts				X		
Purchasing and Cash Disbursements						
Payroll	X					X
Employee Benefits and Paid Time Off						
General Ledger Maintenance		X			X	
Wire Transfers						
Fixed Assets						
Accounting Software and Information Technology						

The above schedule represents the District's three-year internal audit plan based on the risk assessment results identified in this report with one internal audit performed each year. The District is required to perform a reassessment of risk on an annual basis. The results of the annual reassessment will be the basis for identifying internal audit priorities and determining the internal audit plan in future years.

APPENDIX - RISK CATEGORY DEFINITIONS

INHERENT RISKS

EXTERNAL/MARKET REPUTATION

Negative Publicity – The risk of public disclosure of operations will negatively influence public perception that impacts the District's ability to pass a budget and meet its strategic objectives.

FINANCIAL

Achieving Financial Goals – The risk that the District will be unable to meet their financial goals and be pressured by the Board or management to take unwise or inappropriate actions to report results which meet market expectations.
Materiality – The risk that any financial reporting activity will misrepresent results by an amount that would reasonably change voter or other external third-party assessments of the District's performance.
Volatility – The risk that financial reporting will be inaccurate, incomplete or untimely.
Use of Significant Estimates – The risk that financial reporting activity will misrepresent actual business results due to heavy reliance on estimates, accruals, adjustments or reserves that are subjective and difficult to accurately quantify and/or associate with the occurrence of business events.

OPERATIONAL

Inefficient/Ineffective Internal Controls – The risk of inadequate or poorly designed internal controls and accountability.
Employee Error – The risk of unintentional errors by employees due to a lack of competence or training or unfamiliarity with policies and procedures.
Inappropriate Data Usage – The risk of the misuse of sensitive or confidential information by employees or other outside parties.
Non-Routine/Complex Transactions – The risk that incorrect or inconsistent handling of infrequent or complex activities could cause inconsistent financial reporting.
Compliance with Policies and Procedures – The risk that staff responsible for executing business activities will fail to comply with the District's policies and procedures, whether due to lack of training, failures of communication or mindful disregard.

LEGAL/REGULATORY

Legal and Economic Impacts – The risk of direct or indirect impact on activities from changes in the regulatory environment.
Unresponsive to Legal/Regulatory/Compliance Changes – The risk that District is unaware of or does not respond to changes in laws and regulations to ensure compliance.
Litigation Issues – Lawsuits can result in expensive settlements, litigation costs and corrective action (e.g. employee/customer litigation, contract/fiduciary liability, etc.).

STRATEGIC

Insufficient or Inadequate Strategic Planning – The risk that an inefficient and ineffective strategic planning process, including poor assumptions, results in the District's inability to meet their goals and objectives.
Lack of Appropriate Governance – The risk that senior management or Board members commit actions that are detrimental to voter's' interests, including misrepresenting the District's intentions or business results.
People or Key Resources – The risk that barriers (e.g. high turnover, inexperienced staff/skill limitations, excessive reliance on a key staff member, insufficient staffing/resources, etc.) can increase business risk impact and likelihood of its occurrence.
Organization Reputation – The risk that the District's reputation could be exposed based on lack of voter satisfaction with services, or ability to provide new and innovative educational programs; negative public reaction due to identified regulatory, compliance or legal issues.

TECHNOLOGY/SYSTEMS

Lack of Information Integrity – The risks associated with the authorization, completeness, timeliness and accuracy of transactions/data as they are entered into, processed and reported by various systems.
Lack of Timely, Reliable, and Relevant Information for Decision Making – The risk that relevant internal and external information necessary for decision making is not available on a timely basis and/or is unreliable.
Inadequate Data Security and Access – The risk of not adequately restricting access to and protecting information.
Sensitivity of Data – The risk that the District will divulge, inappropriately use or fail to control student or employee data which is confidential or private.

PEOPLE/CULTURE

Lack of Clear Roles and Responsibilities – The risk that roles and responsibilities are not clearly defined, communicated, and understood by employees.
Deficient Values, Integrity, and Ethics – The risk of an employee breach of District values and Code of Conduct standards related to integrity, ethics and discrimination.

Inappropriate Performance Incentives – The risk of either insufficient performance incentives or incentives that are unrealistic or misunderstood causing employees to act in an inappropriate manner.

FRAUD

Misappropriation of Assets – The risk that the District engages in external and/or internal schemes, such as embezzlement, payroll fraud and theft.
Misconduct/Abuse – The risk that transactions or activities could be susceptible to management override (e.g. conflicts of interest, code of ethics violations, etc.). District could be directly or indirectly involved in monitoring and identifying misconduct and/or abuse.
External Crime – The risk that activities could be exposed to external theft and destruction (e.g. robbery, asset/information theft, etc.). District could be directly or indirectly involved in monitoring and identifying external crime.
External Fraud – The risk that transactions and activities could be exposed to external fraud (e.g. check frauds and kiting). District could be directly or indirectly involved monitoring and identifying external fraud.

COSO CONTROL RISKS

Monitoring – This category includes identifying a mechanism or process to assess internal controls on an ongoing basis to ensure that changes are incorporated effectively.

Information and Communication – This category includes the assessment of the technology environment and includes an assessment of the reporting internally and externally. The internal communication to manage the business on a daily basis is assessed to determine the effectiveness and reliability of the financial information that is used.

Control Activities – These controls are at the process level and include preventive and detective controls. The assessment for control activities requires a selection of key processes and a review of the transaction flow to identify and test the critical controls to determine the effectiveness.

Risk Assessment – These controls are the overall management and strategic planning methods that are in place. The process for strategic planning for the District and each department and how the plan is executed during the year is the subject of this review. Material changes in the legislation or regulations and the process that management performs to execute a transaction will be assessed.

Control Environment – The controls in this category include integrity/ethical values, code of conduct, disciplinary action, structure of organization, involvement of the Board of Education, human resources and other actions that control the tone of the organization.