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VIA EMAIL

Board of Education
East Islip Union Free School District
Craig B. Gariepy Avenue
Islip Terrace, NY 11752

Re: Internal Audit Reports

Board of Education:

We have performed internal audit services for the East Islip Union Free School District applicable to various key controls within the District. The services we performed include testing, reviewing and evaluating internal controls pertaining to selected

INTERNAL AUDITOR'S REPORT
East Islip Union Free School District

Information Systems – Disaster Recovery Plan
March 2014

Inherent Risk Rating: High
Control Risk Rating: High
Audit Opinion: Needs Improvement

Purpose/Objectives:

Disaster recovery plans, by their nature, include a set of human, physical, technical and procedural resources to recover, within a defined time and cost, an activity interrupted by an emergency or disaster.

For that reason, disaster recovery readiness procedures are components of the plan to ensure that the device of: xAddresses pre-

- x Identifies the individuals or teams responsible for the recovery process
- x Identifies and establishes a secure and logical transfer of operational controls
- x Obtained senior management and Board of Education approval of developed procedures
- x Is reviewed periodically
- x Identify weaknesses, if any, in the internal control process
- x Recommend possible enhancements to the process, if applicable

Observations:

The Information Technology Department has not developed a disaster recovery plan.

Recommendations:

The District should conduct the following:

1. Develop a formal disaster recovery plan specialized for the District /P 2

***Internal Audit Report:
Information Systems – Disaster Recovery Plan***

- g) Effective backup and recovery programs for books and records that encompass both hard copy and electronic data
 - h) Identification and backup of mission-critical systems
 - i) Assessment and consideration of financial and operational risks
 - j) Definition of alternative communication options between employees and the organization
 - k) Establishment of alternative physical locations for employees, with special attention initially to employees who staff the organization's immediate offsite information systems recovery team(s)
 - l) Impacts on critical constituents, external clients, government agencies and other relevant organizations in the event of a disruption of continual processing or service
 - m) Continuation of mandated, legislated regulatory reporting in the event of a disruption of continual processing or service
 - n) Established authorization and access rights to copies of the disaster recovery plan distributed to users
 - o) A District policy that establishes the disaster recovery plan as intellectual property and protects its distribution
2. The disaster recovery plan should be documented and approved by the Superintendent of Schools. Additionally, the disaster recovery plan should be reviewed and updated by the District on an annual basis. .

INTERNAL AUDITOR'S REPORT

East Islip Union Free School District

Purchasing Process March 2014

Inherent Risk Rating: High
Control Risk Rating: Low
Audit Opinion: Satisfactory

Purpose/Objectives:

The purpose of our analysis was to determine whether the internal controls within the Purchasing function are adequate to ensure that duties are properly performed and controls are implemented. The District's purchasing policy provides an outline of the responsibilities regarding district purchasing activities which include the requirements of General Municipal Law. The purchasing policy is to provide procedures to facilitate acquisitions that are in the best interest of taxpayers of the District. Documented knowledgeable oversight and proper segregation of duties of the purchasing process can assist the District in proper safeguarding its resources.

Testing procedures were conducted to assess the bid and contract award process. The objectives of the testing were to verify the following:

- x Bidding packets were in compliance with the District's policy and General Municipal Law
- x A Statement of No Collusion was provided by the vendor where applicable
- x Classified advertisements were made by the District for the applicable purchases
- x Board minutes included vendor's bid or contract award
- x Invoice charges agreed to the bid pricing provisions

Scope:

We have randomly selected five (5) vendor encumbrances that exceed \$20,000, and tested the competitive bidding documentation submitted by the above vendors against our audit criteria.

Additionally, we have selected five (5) purchase orders for which amounts ranged from \$1,001 to \$20,000. We have tested the documentation pertaining to the quotes submitted by the respective vendor against our audit criteria.

Observations

Competitive Bids

Internal Audit Report
Purchasing Process

4. All vendor charges tested agreed to the proposed rates

Competitive Quotations

1. All voucher packets tested were in compliance with the District's purchasing policy regarding the proper number of quotations.
2. All voucher packets tested were utilizing the best option out of all three (3) of the quotes.
3. All vendor charges tested agreed to the proposed rates on the quotes.

Recommendations

1. No recommendations at this time.

INTERNAL AUDITOR'S REPORT

East Islip Union Free School District

Before and After School Program

March 2014

Inherent Risk Rating: High
Control Risk Rating: Moderate
Audit Opinion: Needs Improvement

Purpose/Objectives:

The Before and After School Program is a supervised program for Elementary children (grades K-5) provided to parents of the District at a minimal cost compared to daycare. Therefore, the Before and After School Program, by its nature, shows attendance of each student attending including how many days students attend. The purpose of the audit was to determine if the program is being properly managed and if the District's control over its resources is adequate. Testing procedures were conducted to assess the attendance and billing of the Before and After School Program.

The objectives of the testing were to:

- x Verify parents are billed at the correct rate.
- x Verify the District's spreadsheets are mathematically correct.
- x Verify correct attendance days were entered into the excel spreadsheet
- x Verify supporting documentation
- x Identify weaknesses, if any, in the internal control process
- x Recommend possible enhancements to the process, if applicable

Scope:

We have selected one hundred percent (100%) of students attending the Before and After School Program for the months of September 2012, February 2013 and June 2013. We have tested the attendance and billing information against our audit criteria.

Observations:

Based upon the testing procedures performed, we noted the following:

Observation and Recommendation #1

We noted multiple instances where the number of days calculated on the attendance sheet did not agree to the amount billed. Additionally, we noted that there is one individual who is responsible for the attendance and billing function for the Before and After School Program. This information is not reviewed by another individual. The lack of segregation increases the likelihood of defalcation or error.

East Islip

INTERNAL AUDITOR'S REPORT

East Islip Union Free School District

Employee Attendance March 2014

Inherent Risk Rating: High
Control Risk Rating: Moderate
Audit Opinion: Satisfactory

Purpose/Objectives:

Employee attendance, by its nature, shows employees' time off, including how many vacation days they have left, how many sick days they've used, and if they have personal days remaining. For that reason, it is imperative to monitor the labor management to identify and rectify outstanding and unusual trends in a timely manner. Documented, knowledgeable oversight of employee attendance can increase the District's control over its resources. Testing procedures were conducted to assess the processing and maintenance of employee attendance.

The objectives of the testing were to:

- x Verify blue Employee Absence Card was properly submitted and approved
- x Verify correct days were entered into the accounting software
- x Verify days were posted to the correct absence code (i.e., vacation) in the accounting software
- x Identify weaknesses, if any, in the internal control process
- x Recommend possible enhancements to the process, if applicable

Scope:

We have selected twenty-two (22), or one hundred percent (100%) of school administrators and tested their attendance for the months of July 2013 through January 2014 against our audit criteria.

Observations:

Internal Audit Report:
Employee Attendance

There were multiple instances for which the Employee Absence Cards were submitted subsequent to the date of vacation or conference days taken.

- ¾ The District should request that all Employee Absence Card be approved for vacation as a preliminary measure. It is understood that due to most circumstances, sick and personal days are unable to be approved. We recommend that Employee Absence Cards are completed and approved within one week of the occurrence.