

EastIslip
Union Free School District
Risk AssessmentUpdateReport
October 1,2021



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(1950 - 2013)

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EAST ISLIP UNION FREE SCHOOL DISTRICT

Introduction

October 1, 2021

Chapter 263 of the Laws of New York, 2005 requires most districts to create an internal audit function. This function requires districts to engage either a qualified audit firm or individual to make an initial assessment of the design and implementation of internal controls over these controls for operational effectiveness and efficiency. This report addresses the second requirement, an annual risk assessment update.

Internal controls are the checks and balances over the various processes or functions that comprise the operation of a district. One key element in any internal control system is the segregation of duties. This concept ensures that one person cannot execute a transaction without at least one other individual checking his or her work. Of course, where segregation of duties is not feasible, the district can employ compensating controls.

Nevertheless, there are some important concepts that should be considered when reviewing internal controls.

These concepts are:

- x An internal control system is designed to provide reasonable but not absolute assurance in safeguarding assets of the district.
- x The concept of reasonable assurance recognizes that the cost of an internal control should not exceed the benefits derived therefrom.

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The second section of this report consists of changes from the prior year risk assessment related to key policies, procedures and/or controls of the functions we reviewed.

The third section are any new recommendations and the status of prior year recommendations (note that this text is in *italics*) from the following report:

Report Type	Issue Date	Area(s)
Risk Assessment	January 19, 2021	Districtwide
Agreed Upon Procedures	December 16, 2020	Financial Operations of the Special Education Department

The changes and recommendations have been considered in the assessment of the level of control risk. Some of the recommendations may require a reassignment of duties and/or an addition to District personnel. However, enhancement of controls should be done after a cost-benefit analysis.

Corrective Action Plan

Commissioner of Education Regulation (CR) §170.12(e)(4) requires that a corrective action plan (CAP) approved by the Board of Education, must be filed within 90 days of issuance with the New York State Education Department (NYSED).

The District should submit the CAP along with the respective...

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(L=Low, M=Moderate, H=High)

Business Process Area	Date of Detailed Testing*	Prior Year	Current Year	Proposed Detailed Testing
Grants and Special Education				
Grants Processing/Monitoring		M	M	
Special Education (Financial Operations)	12/16/20	M	L	

* Indicates the issuance date of an approved procedures (AUP) report related to that area

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Recommendation Risk Assessment 2020

Board Training We recommend that the District establish procedures to ensure that all new Board members complete their required training to obtain a minimum of six hours of training on the financial oversight, accountability and fiduciary responsibilities of the school district as per Section 2102 of the Education Law. Such training must be completed within the first year of the newly appointed, elected or re-elected Board members.

Risk Assessment Update 2021 (This item is now closed)

We note that the District Clerk has been assigned the responsibility to ensure that both newly elected and/or re-elected board members complete the required financial training within the first year of appointment. We also found that the District has created a log to document the completion of such training and this log is signed off by a Central Office administrator.

PAYROLL

Payroll Accounting and Reporting

Recommendation Initial Risk Assessment 2019

Time Management System We recommend that the District improve the procedures related to the WinCap Timesheets to reduce the occurrences when the Payroll Department needs to return the

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understand that the District plans to expand the use of Timepiece to other employees and use the biometric capability, which will be dependent on the ability to negotiate this process with the respective bargaining units.

Payroll Distribution

Finding and Recommendation Risk Assessment 2021

2. Non-Salary Payments We found that the District uses standard forms and manual approvals related to the processing of non-salary payments (e.g., chaperones, time keepers, etc.).

We recommend that the District investigate the use of an nVision component to set up an electronic process for employees to enter their non-salary related payments into the nVision system and have these transactions routed systematically for proper approvals.

HUMAN RESOURCES

Employee Administration and Separations/Terminations

Recommendation Risk Assessment 2020

3. Communicating Employee Changes to System Administrators We recommend

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Risk Assessment Update 2021 (This item is now closed)

We found that the Business Office

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Recommendation Agreed Upon Procedures 2020

Modify STAC Worksheet We recommended that the District modify the STAC worksheet used to compute salary and benefit costs by including Welfare Trust Fund costs for teachers and ensure that the calculation used for Social Security costs take the wage base limit into account (e.g. \$137,700 in 2020, \$132,900 in 2019, and \$128,400 in 2018).

Risk Assessment Update 2021 (This item is now closed)

We found that the District has modified the STAC worksheet to include the Welfare Trust Fund costs for teachers and to ensure that the calculation used for Social Security costs take the wage base limit into account.

FACILITIES AND CAPITAL PROJECTS

Facilities Maintenance and Operations

Recommendation Risk Assessment 2020

Vehicle Service Vendor We recommended that the District consider bidding or using a RFP related to a vehicle service vendor. This process should include local vehicle service vendors and take into account the time and costs (i.e., 2 workers and 2 round trips to drop/pick up the vehicle to be serviced via fuel) associated with driving to the current vendor located in Patchogue.

Risk Assessment Update 2021 (This item is now closed)

We note that the District had chosen this vehicle service vendor in accordance with General Municipal Law and District purchasing policies 1-60912 62s 403.15 520.27 Tm 0 g 0 G [() TJ ET Q 226.85 518.83 176.3 0.84

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Recommendation

