



**Franklin Square Union Free School District**

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

**June 2020**



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**Franklin Square Union Free School District**  
**Annual Risk Assessment**  
**June 2020**

**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 2020 and were carried out in order to determine an internal audit plan for fiscal year 2020/2021 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.

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**Risk Rating and Internal Audit Plan**

√ = 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	20-21	Subsequent
			18-19	19-20				
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	√	T	X
3	Accounting & Reporting	5 Financial Accounting and Reporting	H	M	L	★	T	
		6 External/Internal/Claims Auditing	H	L	L	★		
		7 Fund Balance Management	H	L	L	★		
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	N/A	N/A	★		
		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	★	T	
		18 Online Banking	H	L	L	★		
19 Accounts Receivable	H	L	L	★				
5	Grants	20 General Processing	H	L	L			X
		21 Grant Application	M	L	L	√		X
		22 Allowable Costs & Expenditures	H	L	L	√		X
		23 Monitoring	M	L	L			X
		24 Reporting	H	L	L			X
6	Payroll	25 Payroll Disbursements	H	L	L	★	T	
		26 Overtime Reporting	H	M	L	★	T	
		27 Payroll Accounting & Reporting	H	L	L	★		
		28 Payroll Tax Filings	H	L	L	★		
		29 Payroll Reconciliation	H	L	L	★		
7	Human Resources	30 Employment Requisition/Hiring	H	M	M	★	T	
		31 Personnel Evaluation	H	M	M	★	T	
		32 Termination	H	L	L	★		
		33 Employee Attendance	H	L	L	★		

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**Risk Rating and Internal Audit Plan (Continued)**

√ = Internal Audit Services Provided  
★ = Business Cycle Review Complete

X = Proposed Business Cycle Review  
T = Proposed Key Control Testing

	Business Process	Business Process Categories	RISK			YEAR OF SERVICE		
			Inherent	Control		Prior	20-21	Subsequent
				18-19	19-20			
15	Information System	63 Governance	H	L	L	★		
		64 Inventory	H	M	M	★		
		65 Network Security	H	M	L	★		
		66 Application Security	H	L	L	★		
		67 Physical Security	H	L	L	★		
		68 Disaster Recovery	H	M	L	★		
16	Cybersecurity	69 General Controls	H	L	L			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 & Enrolment	H	L	L			X
		74 Student Attendance	H	L	L			X
		75 Student Performance	H	L	L			X
		76 Student Eligibility	H	L	L			X
18	Pupil Personnel Services	77 Budgeting and Planning	M	L	L	★		
		78 STAC Reimbursement	M	M	M	★		
		79 Medicaid Reimbursement	M	L	L	★		
		80 RFP and Contracts	H	L	L	★		
19	Transportation	81 Fleet Inventory and Maintenance	H	L	L	★		
		82 Bus Routing and Planning	H	L	L	★		
		83 Labor and Supervision	H	L	L	★		
		84 Contract Management	H	N/A	N/A	★		
		85 Federal and State Reimbursement	H	L	L	★		
20	Safety & Security	86 Plan Development & Strategy	H	L	L			X
		87 Building Access & Security System	H	L	L			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	N/A	L			X
		91 Policy Management	H	N/A	L			X
		92 Claims Reporting	H	N/A	L			X

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**Pupil Personnel Services**

5. We noted that there was insufficient documentation to support the calculation for STAC eligible student services provided by consultants for nine (9) students.
  - *We recommend that the District maintain copies of consultant invoices providing services to STAC eligible students. The amount paid per student should be utilized when calculating the cost for each student. This will ensure that each student's STAC cost is calculated correctly and has proper supporting documentation.*
  
6. We noted that STAC claims have not been submitted for 10-month placements for the 2019-2020 school year or summer placements for the 2020-2021 school year. We also noted that summer services and transportation costs have not been verified for the 2019-2020 school year.
  - *We recommend that the District submit claims for 10-month placements for the 2019-2020 school year and summer placements for the 2020-2021 school year. In addition, summer services and transportation costs related to the 2019-2020 school year should be verified. This will ensure that the District is submitting claims and verifying student costs timely and prior to the applicable deadline.*

***Status of Prior Year Recommendations***

We have performed follow-up internal audit services applicable to our previously issued risk assessment update report dated June 2019. The services we performed included observing and evaluating the implementation status of the District's action plan in respect to our prior risk assessment recommendations. The June 2019 risk assessment update report identified nine (9) recommendations. The District has completed or taken action on the nine (9) recommendations as follows:

<b><u>Business Process</u></b>	<b><u>Complete</u></b>	<b><u>In-Process</u></b>	<b><u>Not Complete</u></b>	<b><u>Total</u></b>
Human Resources	-	5	-	5
Information Systems	1	-	-	1
Pupil Personnel Services	-	-	3	3
<b>Total</b>	<b>1</b>	<b>5</b>	<b>3</b>	<b>9</b>

**Human Resources**

**Recommendation from June 2019 Risk Assessment:** We recommend that the District follow the established procedures for the employee requisition process which includes posting positions internally at the buildings, on the District's website, and on Schoolleadershipjobs.com for at least two (2) weeks. We also recommend that copies or print outs of job postings be maintained by the Director of Personnel along with civil service lists and documentation regarding eligible candidates and the interview process. This will ensure that there is proper and complete documentation on file regarding the employee requisition process.

**Status at June 2020: In Process.**

**Recommendation from June 2019 Risk Assessment:** We recommend that the District perform a review of personnel files and obtain any documentation that is missing or incomplete. The New Hire Checklist should be utilized to ensure that employee personnel files are complete and include all required documentation.

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**Status at June 2020: Not Complete.**

**Recommendation from June 2019 Risk Assessment:** We recommend that the District review each student IEP's when calculating their STAC cost. The calculations for the students noted should be reviewed and revised in order to ensure that the proper amount was claimed for each student.

**Status at June 2020: Not Complete.**

**EXHIBITS**

***Exhibit I***      History of Internal Audit Reports Issued

***Exhibit II***     Internal Audit Plan for 2020/2021







**FRANKLIN SQUARE UNION FREE SCHOOL DISTRICT**  
DISTRICT OFFICES: WASHINGTON STREET SCHOOL  
760 Washington Street, Franklin Square, N.Y. 11010-3898

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**District's Corrective Action Plan**

*Response to the June 2020 Annual Risk Assessment performed by Nawrocki Smith*

**Current Year Observations & Recommendations**

**Fixed Assets**

**Person Responsible: Theresa Hennessy, Asst. Superintendent**

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- 1) The District will update our Policy #6610 *Inventories/Capitalization* to reflect the current dollar amount threshold and procedures for inventory reporting. **Anticipated Completion Date: June 30 , 2021**

**Information Systems**

**Person Responsible: Jung Lee, CTO**

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- 2) The District has already implemented a group policy in Microsoft Active Directory which sets all computers owned by the District to lock after 10,800 seconds (3hours) of inactivity based on the recommendation. **Completed.**
- 3) Based on the recommendation we will print and review the VPN remote access logs and NVision server remote access logs on a monthly basis. We will file these logs in a binder for future reference. In addition, we are planning to require multi-factor authentication for all VPN logins starting July 2021 with the purchase of new firewall hardware. **Anticipated Completion Date: March 31 , 2021**
- 4) We will adhere to the recommendations provided regarding the tagging and tracking of assets. **Anticipated Completion Date: March 31, 2021.**

**Pupil Personnel Services**

**Person Responsible: Pamela Taylor, Director of CSE**

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- 5) The District will maintain copies of all documentation used in preparation of STAC calculations. **Anticipated Completion Date: March 31, 2021.**
- 6) The District has submitted STAC claims for the 2019-2020 year, including Summer Services and 10 Month Placements.) The claims will be verified during March 2021. The in-district STAC claims will also be completed. BOCES claims have been delayed from BOCES due to COVID. **Anticipated Completion Date: June 30 , 2021**

**Open Prior Year Recommendations**

**Pupil Personnel Services**

**Person Responsible: Pamela Taylor, Director of CSE**

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- 1) The District will review all previously filed STAC claims from 2017-18 to present and ensure that all claims filed were accurate and matched the student's IEP. **Anticipated Completion Date: June 30 , 2021**
- 2) The District will also implement an enhanced system of reviewing student STAC cost calculations and reconciling to their IEPs to ensure that all STAC claims are accurate. The District will perform this reconciliation on a semi-annual basis. **Anticipated Completion Date: June 30 , 2021**