

Northport-East Northport Union Free School District



Risk Assessment Update Report

For the Period Ending

December 31, 2016

**Northport-East Northport Union Free School District
Risk Assessment Update Report
For the Period Ending December 31, 2016**

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Board of Education
Northport-East Northport Union Free School District
Northport, NY 11768

We have completed our risk assessment update of the Northport-East Northport Union Free School District (the “District”) for the period ending December 31, 2016. The objectives of the engagement were to assist the Board of Education (the “Board”) in ensuring that the District’s risks are identified and that appropriate internal controls are in place to mitigate those risks.

In connection with the development of the risk assessment, we have performed the following procedures:

- Gained an understanding of the internal controls for the following key business processes:
 - Governance and Planning
 - Accounting and Reporting
 - Cash Receipts
 - Cash Management
 - Revenue and Billings
 - Grants
 - Payroll
 - Human Resources
 - Benefits
 - Purchasing and Related Expenditures
 - Facilities and Capital Projects
 - Capital Assets
 - Food Service Operations
 - Extraclassroom Activity Fund
 - Information Technology
 - Student Related Data and Services
 - Transportation Services
 - Student Services

- Identified the risks that could inhibit the District in achieving its goals;
- Identified the internal controls that the District has in place that are designated to mitigate identified risks; and
- Identified key areas where the District can strengthen existing internal controls and/or create additional internal controls.

The results of our procedures are presented on the following pages.

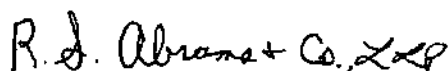
As noted, the purpose of our engagement was to assist you in improving the process by which you monitor and manage the risks that face your District. However, it is ultimately your responsibility to assess the adequacy of your risk management system.

In performing our engagement, we relied on the accuracy and reliability of information provided by District personnel. We have not audited, examined, or reviewed the information, and express no assurance on it.

We would like to acknowledge the courtesy and assistance extended to us by personnel of the District. We are available to discuss this report with the Board or others within the District as your convenience.

This report is intended solely for the information and use of the Board, the Audit Committee and the management of the District and is not intended to be and should not be used by anyone other than those specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "R.S. Abrams & Co., LLP", with a stylized flourish at the end.

R.S. Abrams & Co., LLP

March 10, 2017

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Executive Summary

This report serves to address the second requirement of Chapter 263 of the laws of New York, 2005, which requires all school districts to establish an internal audit function. The internal audit function requirement includes the engagement of a qualified audit firm or individual to make an initial assessment of risk surrounding the design of the District's internal controls, annual updates of the initial risk assessment and testing of these controls on a periodic basis for operational effectiveness.

This risk assessment update is intended to provide management with information to enhance and strengthen the District's controls and to reduce the District's risk relating to its financial processing and reporting operations.

We determined the status for the current year's risk assessment update through various methods, including inquiry of appropriate District personnel involved in these processes, observation of the controls in place, results of internal control questionnaires related to the various business units and testing the controls where necessary to determine if they have been put in place and are functioning as intended.

Additionally, we have reviewed the results of reports issued by our firm during the period ending December 31, 2015, including reports on purchasing and related expenditures, capital assets and prior year risk assessment update report to determine if relevant controls have been put in place based on those reports.

The risk assessment requires an internal auditor to obtain an understanding of the risks associated with the various business processes within the District. This requirement involved two categories of risk as follows:

- **Inherent Risk** - the risk associated with the nature and type of transactions processed due to complexity, materiality and quantity of the transactions.
- **Control Risk** – the risk that the internal control system is not adequately designed to prevent or detect errors or irregularities on a timely basis that could be material individually or when aggregated with misstatement in other balances or account classes.

The risk areas have been identified and appropriate risk levels have been determined. The risk levels are defined as follows:

- **High Risk** – these are areas identified as posing the greatest potential risk for the school district and which carry the highest priority. Any outstanding items will be carried over and re-evaluated in the following year's risk assessment.
- **Moderate Risk** – these are areas identified as to be of second level priority and will be addressed after the high-risk items are completed. Any outstanding items will be carried over and re-evaluated in the following year's risk assessment.
- **Low Risk** – these areas are considered lowest priority and will be addressed after the high and moderate risk items are completed.

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We have summarized our assessment of inherent risk and control risk for the current and prior year, as well as our testing plan, in our *Assessment of Risk and Testing Plan* (See Appendix A).

Process Review Summary and Proposed Business Processes

The following represents the business processes where we have provided internal audit services and the business processes we are proposing for period ending December 31, 2017:

Extensive System Reviews:

Period Ending December 31, 2016:

- Human Resources
- Payroll

Period Ending December 31, 2015:

- Purchasing & Related Expenditures
- Capital Assets

Period Ending December 31, 2014:

- Governance and Planning and Fund Balance Management
- Food Service Operations

Period Ending December 31, 2013:

- Extra Classroom Activity Fund
- Cash Management

Period Ending December 31, 2012:

- Information Technology
- Health Benefits and Retiree Health Insurance

Extensive Systems Proposed:

Period Ending December 31, 2017:

- Facilities and Capital Projects
- Student Related Data and Services

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High Risk Items

There were no high risk items noted in our prior year and current year risk assessment update.

Moderate Risk Items

There were no moderate risk items noted in our prior year and current year risk assessment update.

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Low Risk Items

Current Year Review

PAYROLL

PAYROLL DISTRIBUTION

Current Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's payroll distribution as low based on the following reasons:

- Unclaimed payroll checks are forwarded to the District Treasurer, who is separate from the payroll printing process in the business office.
- A log of unclaimed payroll checks is maintained by the District Treasurer.
- The District requires all employees to sign for their paychecks or the building principal signs indicating payroll checks within their building locations are legitimate District employees.

PAYROLL ACCOUNTING AND REPORTING

Current Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's payroll accounting and reporting as low based on the following reasons:

- The Board of Education has appointed the Superintendent as the official payroll certification officer.
- District timesheets are submitted to payroll with appropriate supervisory approval signatures before payroll is processed, including all overtime hours worked.
- All overtime timesheets require the purpose of the overtime be present to support the overtime hours being requested.
- There are controls in place within the payroll department whereby the mathematical accuracy of timesheets are checked, as well as the appropriate approval signatures.

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TAX FILING AND RECONCILIATION PROCESS

Current Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's tax filing and reconciliation process as low based on the following reasons:

- The District reconciles the quarterly IRS 941 form to the District's expenditure ledger.
- All required tax filings are performed in a timely manner.

SEPARATION PAYMENTS

Current Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's separation payments as low based on the following reasons:

- The calculation of the final separation payment that is prepared by the District Treasurer is reviewed and approved by the Assistant Superintendent for Business.
- The calculation of the final contractual paycheck is reviewed and approved by the Assistant Superintendent for Business prior to payment being rendered.
- The controls in place regarding the District's attendance recordkeeping processes, which are a prerequisite to ensuring that separation payments for accumulated leave balances are calculated properly, include the following:
 - Daily attendance reports are prepared at each building location.
 - Attendance is tracked within *nVision* rather than tracking leave balances manually.
 - Year-end reviews of attendance data are performed by the account clerk typist in the human resource department prior to the year-end roll-over, which is achieved by reviewing *Attendance Balance* reports for each employee for accuracy.
- The payment made to the third party administrator for retirement benefits is reviewed and approved by the claims auditor.

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HUMAN RESOURCES

EMPLOYMENT REQUISITION AND HIRING

Current Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's employment requisition and hiring as low based on the following reasons:

- There is proper segregation of duties between the District's human resource and payroll functions surrounding the input of new employee data in the accounting information system.
- The District verifies all applicable step levels for newly hired instructional positions, which includes obtaining proof of previous experience and relevant transcripts.
- Background and reference checks are performed on all newly hired employees, including the obtainment of fingerprint clearance as required by state education laws.
- The Board of Education approves all new hires, which is documented in the minutes of the Board of Education meetings.
- A new hire package is provided to all newly appointed District employees that include the required documentation that is to be prepared.

EMPLOYMENT TERMINATION

Current Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's employment termination as low based on the following reasons:

- As previously noted, the calculation of the final contractual paycheck is reviewed and approved by an appropriate administrator prior to payment being rendered.
- The Board of Education approves all employees who are terminating their employment with the District.
- Proper controls are in place regarding the inactivation of the employee in the payroll module of the District's accounting information system.

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EMPLOYEE ATTENDANCE

Current Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's employee attendance as low based on the following reasons:

- Attendance records are tracked and maintained within the District's accounting information system.
- Daily absence reports are prepared by each building location and are entered into the District's accounting information system on a weekly basis.
- There are controls in place whereby custodial employees are required to sign in and out on a daily basis at their respective building location which are reviewed and approved by the head custodian prior to being forwarded to the business office.
- Once the weekly absence reports are reviewed for accuracy by the account clerk typist in the human resource office, the attendance data is formally posted to the District's accounting information system.
- Year-end reviews of attendance data are performed by the account clerk typist in the human resource department prior to the year-end roll-over, which is achieved by reviewing *Attendance Balance* reports for each employee for accuracy.

PURCHASING AND RELATED EXPENDITURES
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PURCHASING PROCESS AND PURCHASE ORDER SYSTEM

Current Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's purchasing process and purchase order system as low based on the following reasons:

- The District has implemented procedures to annually review the vendor master file for duplicate and/or inactive vendors.
- The District has updated policy No. 6700, *Purchasing Policy*, to include the name of the individual who is responsible for purchasing as required by Chapter 402 of the Laws of New York, 2007.
- The District's purchasing agent verifies that quotations are obtained by the originator of the purchase requisition.
- The District procures goods and/or services from time to time utilizing other governmental agencies contracts and BOCES cooperative bids to help reduce the costs of bidding.
- The purchasing agent reviews the *Vendor Change Report* frequently as new vendors are being added.
- Our testing of the purchasing process revealed no instances of non-compliance with the District's procedures.

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PAYMENT PROCESSING

Current Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's payment processing as low based on the following reasons:

- The District requires that the receiving copy of the purchase order be signed and forwarded to accounts payable with the related packing slips (if applicable) before payment is processed.
- The District utilizes *nVision* check printing technology, which is used to convert blank check stock into negotiable checks for payment to vendors.
- The District maintains the check signature discs in a secure location which are password protected and only accessible by authorized employees.
- The District's claims auditor reviews all checks before they are mailed to the vendors.
- The District requires that all vendors submit an IRS W-9 Form to verify the vendor's tax status.
- The District requires all invoices and/or receipts to be properly cancelled after payment.

FACILITIES AND CAPITAL PROJECTS
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FACILITIES MAINTENANCE

Current Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's facilities maintenance as low based on the following reasons:

- The District has adopted a *Building and Grounds Maintenance and Inspection* policy No. 8220, that consist of broad provisions and guide, lines that outline the Board of Education's priorities, responsibilities and expectations of the operations and maintenance program as recommended by the New York State Comptroller.
- The District has conducted a cost and energy conservation study to determine its eligibility for energy performance contracts. As a result of the study, the District received an energy performance contract and the energy performance project is in process.
- The District has incorporated in their technology plan, long-range equipment purchases.
- The District has a set maintenance plan and schedules regular maintenance activities on the District's major building systems.
- The District has a long-range plan regarding its educational facilities to be in compliance with Commissioners Regulation §155.1.
- The District has an Operations and Maintenance Committee that discusses and implements the five year capital projects plan.

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CONSTRUCTION PLANNING AND MONITORING

Current Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's construction planning and monitoring as low based on the following reasons:

- The Assistant Superintendent for Business verifies all documents related to capital project expenditures before payment is made. This includes a review of costs, certified payrolls and the related American Institute of Architects ("AIA") documents from the District's architect, which is then signed off by the Assistant Superintendent for Business.
- There are proper controls in place surrounding the monitoring of budgets for the District's capital projects, which include setting up and monitoring budgets by project in the District's accounting information system.
- The District's expenses related to capital projects are approved by the District's architect and then forwarded to the Assistant Superintendent for Business before being sent to the vendor.
- Appropriate professionals are utilized in the District's facilities and capital construction projects to assist the District in the monitoring of construction projects.

FINAL BUILDING PROJECTS REPORT

Current Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's final building projects report as low based on the following reasons:

- The District's accounting software has the ability to track expenditures by SED project number. Additionally, the District Treasurer tracks expenditures by capital project in *Excel*.
- The District receives a substantial completion form from the architect which signifies that the capital project is completed.
- The District Treasurer is responsible for reviewing and/or filing the *SA-139, Request for Building Project Data, FP-F1, Request for Revision of Financial Information and Final Building Projects Reports*.
- The Assistant Superintendent for Business and District Treasurer are aware of the deadlines for filing the *Final Building Project Reports*.

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CAPITAL ASSETS

ACQUISITION, DISPOSAL AND CAPITALIZATION POLICY

Current Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's acquisition, disposal and capitalization policy as low based on the following reasons:

- The District has adopted policy No. 6800, *Fixed Asset Accounting*, which outlines procedures for establishing a capital asset system of accounting, including an inventory threshold.
- The District has adopted policy No. 6900, *Disposal of Surplus Property*, which outlines the procedures that the District must follow regarding disposals of such items.
- After capital assets are determined to be obsolete, all disposals are provided to the Board of Education to be formally approved as obsolete.

INVENTORY TRACKING

Current Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's inventory tracking as low based on the following reasons:

- Capital assets are properly tagged when received to facilitate the tracking of inventory during the school year.
- The District implemented procedures to monitor the movement of capital assets within the building location or from one location to another.
- The purchasing agent reviews the requisition to identify which capital assets are worthy of capitalization.
- The clerk typist in the purchasing department has been designated as the individual who is responsible for providing the asset tag to the requestor to tag capital assets.
- The District maintains records of all capital asset additions throughout the school year in *AssetMaxx* database.
- Disposals of capital assets are approved by the Board of Education.
- Our selection revealed no instances of non-compliance with the District's procedures.

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FOOD SERVICE OPERATIONS

FEDERAL AND STATE REIMBURSEMENT

Current Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's federal and state reimbursement as low based on the following reasons:

- Federal and state reimbursements are submitted utilizing the New York Child Nutrition website, which alerts the District if the number of meals is inconsistent, allowing time for corrections.
- The District utilizes a comprehensive Point of Sale (POS) system called *NUTRIKIDS* within the school lunch operation that calculates the monthly reimbursement based on the number of free and reduced meals served.
- Controls within the POS system are strong, with secondary level students are required to "swipe" their I.D. card or type in their I.D. number that drives their meal status (free, reduced or paid). At the elementary level, the cashiers search the students name on the POS system by class roster. By having strong controls within the POS system, the accuracy of the federal and state reimbursement requests are greatly enhanced.

SALES CYCLE

Current Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's sales cycle as low based on the following reasons:

- The food service director performs surprise visits as cash is being collected to observe the cashiers as they are counting the daily sales and entering the cash receipts data into the POS system and the surprise visit are documented.
- The District has adopted policy No. 8505, *Charging School Meals*, to promote responsible student behavior and minimize the fiscal burden to the District. The Board allows students who many forget meal money to "charge" the cost of meals to be paid back at a later date, however, the policy limits the number of charges to no more than five per student.
- The District has adopted policy No. 5405, *Wellness Policy*, which recognizes the impact that physical activity, proper nutrition and mental health have in a student's life. The Board is committed to providing a school environment that enhances learning and development of lifelong wellness practices.
- On a daily basis, a District employee picks up all bank deposits from the District's locations then delivers the deposits to the bank.
- The District's POS system that is in place does not provide the cashier with the cash balance that should be in the system; rather it is a "blind" system so the cashier has to input the total cash in the drawer before being provided with the overage or shortage amount, if any.

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INVENTORY AND PURCHASING

Current Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's inventory and purchasing as low based on the following reasons:

- The food service operations of the District include a requirement to perform a monthly inventory of all food and non-food items, including government commodities.
- Based on the results of the monthly inventory and the needs of the food service operation, the District is able to properly plan and purchase the required level of stock to maintain the food service operation of the District.

ELIGIBILITY VERIFICATION

Current Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's eligibility verification as low based on the following reasons:

- The District has appropriate procedures in place for the review of student free and reduced meal applications.
- Following federal guidelines, the District performs the required annual income verification review of 3% of the free and reduced meal applications that were submitted.
- The District properly places students on the free and reduced program after receiving direct certification notifications from government agencies.
- Reassessment of the free and reduced status for students is performed on an annual basis.
- The District makes available free and reduced meal applications by sending them home to the student's parents. Additionally, principal office, food service cashiers and the District website has applications available.
- The District adopted policy No. 8520, *Free and Reduced Price Food Services*, which addresses the District's procedures and responsibility for providing a free or reduced price lunch for all economically disadvantaged children.

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VENDING MACHINES

Current Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's vending machines as low based on the following reasons:

- The District's Food Service department performs a reconciliation of meter readings to sales for *Answer Vending, Inc.* to ensure that the commission check that is received is accurate.
- The District has been receiving the commission check from *Answer Vending, Inc.* on a monthly basis.

However, the District does not have a current contract on file with *Answer Vending, Inc.* to provide vending services for the District. The District has demonstrated continued effort to obtain a contract without success. Based on the above factors however, this alone does not justify a control risk higher than low since we considered the entire control environment in making our assessment.

STUDENT RELATED DATA AND SERVICES
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STUDENT ATTENDANCE

Current Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's student attendance as low based on the following reasons:

- The District has adopted policy No. 5160, *Student Attendance*, which is a comprehensive attendance policy that addresses the requirements outlined by the Commissioners Regulations.
- The District has procedures in place for student attendance taking at each of the District locations.
- The District maintains a record of each pupil's presence, absence, tardiness, and early departure in a register of attendance.
- District codes are in place to properly identify the reason for absence, tardiness, or early departure.
- The District's attendance policy distinguishes between excused and non-excused absences, tardiness and early departures.
- An electronic system (*E-School Data*) is in place at the District to collect, calculate, summarize and report attendance data.

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STUDENT PERFORMANCE DATA

Current Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's student performance data as low based on the following reasons:

- The District has assigned data personnel and building administrators the responsibility for the accumulation of data surrounding student dropouts, test scores, enrollment and cohorts.
- There are review procedures in place whereby student performance data is compared to prior years and similar schools to assess the reasonableness of the data prior to certification and submission to the State Education Department.
- District personnel reviews published data on the School Report Card and utilizes the School Report Card as a tool to improve student performance.
- The District has assigned appropriate personnel with the responsibility of ensuring that student performance data is secure, reliable and accurate.

STUDENT SECURITY AND SAFETY

Current Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's student security and safety as low based on the following reasons:

- The District has formed a health and safety committee that is responsible for overseeing the District's safety procedures to ensure that the District's students are educated in a safe environment by developing the District's safety plans.
- The District's health and safety committee incorporates the four components as required, which are building condition surveys, annual visual inspections, a five-year capital facilities plan and monitoring system procedures.
- The District has adopted a comprehensive district-wide school safety and building level safety plan on crisis intervention and emergency response and management.
- The District has an emergency management plan as required by Commissioners Regulations §155.17.
- The District has adopted policy No. 8132, *Fire and Emergency Drills*, which addresses the District's procedures for conducting fire drills during the school year.
- The District performs fire drills in accordance with Education Law 807 and 3623 and evacuation drills are performed in accordance with Commissioner's Regulation 155.17.

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TRANSPORTATION SERVICES

STUDENT TRANSPORTATION

Current Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's student transportation as low based on the following reasons:

- The District has adopted policy No. 3541, *Transportation*, which address the method the District uses to determine the eligibility of pupils for transportation services to and from the public schools which they attend.
- The District has adopted policy No. 8411.1, *Transportation to Child Care Locations*, which addresses the District's procedures surrounding the transportation of students to various child care centers.
- The District has appointed the Supervisor of Transportation as the designee responsible for administering the transportation program.
- The District evaluates the student transportation system for procedural and operational improvements on an annual basis.

TRANSPORTATION CONTRACTS

Current Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's transportation contracts as low based on the following reasons:

- We noted transportation services contracts were determined by request for proposals and were approved by the Commissioner of Education.
- The transportation contract includes a clause that authorizes the Board to increase or decrease the level of service without alternating the terms of the agreement.
- The District maintains relevant documentation surrounding contracts, contract extensions, bidding information, rider lists, mileage records and allocated expenses.

TRANSPORTATION STATE AID

Current Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's transportation state aid as low based on the following reasons:

- The Assistant Superintendent for Business monitors the receipt of transportation aid and reviews the Transportation Formula Aid Output report on an annual basis for accuracy.

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- The Assistant Superintendent for Business reviews the receipt of transportation aid to ensure that transportation state aid payments are effectively monitored.

STUDENT SERVICES

SYSTEM TO TRACK AND ACCOUNT FOR CHILDREN ("STAC")

Current Control Risk Level: Low (L)

Reason for Risk Level: We have assessed the control risk for the District's STAC as low based on the following reasons:

- When available the District staff attends training on how to utilize the online STAC database and access to the STAC system is limited to only those who have an operational need to access it.
- The Director of Special Education reviews all the processed STACs once the Automated Verification Listing ("AVL") has been received to determine if the STAC was properly completed for reimbursement.
- The District evaluates out of District students attending NYS approved non-public institutions, students with 1:1 aides, students for which the District has purchased an IEP required assistive-technology device and students that receive behavior intervention services at home are used to determine if the student is eligible to be STAC.
- The District calculates the total salary and benefits for all special education teachers and aides.

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Corrective Action Plan

The District is required to prepare a corrective action plan in response to any findings contained in the internal audit reports. As per Commissioner's Regulations §170.12, a corrective action plan, which has been approved by the Board, should be submitted to the State Education Department within 90 days of the receipt of a final internal audit report.

The approved corrective action plan and a copy of the respective internal audit report should be sent to the following address:

New York State Education Department
Office of Audit Services, Room 524 EB
89 Washington Avenue
Albany, New York 12234

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Appendix A

Legend		
✓		Extensive system process review completed
■		Extensive system process review proposed
•		Processes evaluated
H = High M = Moderate L = Low		

BUSINESS PROCESSES & SUBPROCESSES	Inherent Risk		Control Risk		Audit Plan		
GOVERNANCE & PLANNING	12/31/15	12/31/16	12/31/15	12/31/16	2015	2016	2017
Governance and Control Environment	H	H	M	L	•		
Budget Development and Administration	H	H	L	L	•		
Budget Transfers	L	L	L	L	•		
Open Meetings Law	L	L	L	L	•		
ACCOUNTING & REPORTING	12/31/15	12/31/16	12/31/15	12/31/16	2015	2016	2017
Financial Accounting and Reporting	H	H	L	L	•		
Auditing	M	M	L	L	•		
Fund Balance Management	H	H	L	L	•		
CASH RECEIPTS	12/31/15	12/31/16	12/31/15	12/31/16	2015	2016	2017
Collection & Posting of Receipts	H	H	L	L	•		
CASH MANAGEMENT	12/31/15	12/31/16	12/31/15	12/31/16	2015	2016	2017
Cash and Investment Management	H	H	L	L	•		
Wire Transfers and Banking Controls	H	H	L	L	•		
Bank Reconciliations	H	H	L	L	•		
Banking Security	H	H	L	L	•		
REVENUE AND BILLINGS	12/31/15	12/31/16	12/31/15	12/31/16	2015	2016	2017
Tuition and Health Services Controls	M	M	L	L	•		
GRANTS	12/31/15	12/31/16	12/31/15	12/31/16	2015	2016	2017
General Processing and Monitoring	M	M	L	L	•		
Grant Application	M	M	L	L	•		
Allowable Costs and Compliance	M	M	L	L	•		
PAYROLL	12/31/15	12/31/16	12/31/15	12/31/16	2015	2016	2017
Payroll Distribution	H	H	L	L		✓	
Payroll Accounting and Reporting	H	H	L	L		✓	
Tax Filings and Reconciliation process	M	M	L	L		✓	
Separation Payments	H	H	L	L		✓	
HUMAN RESOURCES	12/31/15	12/31/16	12/31/15	12/31/16	2015	2016	2017
Employment Requisition and Hiring	M	M	L	L		✓	
Employment Termination	M	M	L	L		✓	
Employee Attendance	H	H	L	L		✓	
HEALTH BENEFITS & RETIREES HEALTH	12/31/15	12/31/16	12/31/15	12/31/16	2015	2016	2017
Eligibility	M	M	L	L	•		
Benefits Calculations	M	M	L	L	•		
Retiree Health Insurance	H	H	L	L	•		
PURCHASING & RELATED EXPENDITURES	12/31/15	12/31/16	12/31/15	12/31/16	2015	2016	2017
Purchasing Process and Purchase Order System	H	H	L	L	✓	•	
Payment Processing	H	H	L	L	✓	•	
Travel and Conferences	H	H	L	L	✓	•	

Northport-East Northport Union Free School District
Assessment Of Risk and Testing Plan
For the Period Ending December 31, 2016

Appendix A

Legend		
✓		Extensive system process review completed
■		Extensive system process review proposed
•		Processes evaluated
H = High M = Moderate L = Low		

BUSINESS PROCESSES & SUBPROCESSES	Inherent Risk		Control Risk		Audit Plan		
FACILITIES & CAPITAL PROJECTS	12/31/15	12/31/16	12/31/15	12/31/16	2015	2016	2017
Facilities Maintenance	H	H	L	L		•	
Construction Planning and Monitoring	M	M	L	L		•	
Final Building Projects Reports	H	H	L	L		•	
CAPITAL ASSETS	12/31/15	12/31/16	12/31/15	12/31/16	2015	2016	2017
Acquisition, Disposal and Capitalization Policy	H	H	L	L	✓	•	
Inventory Tracking	H	H	L	L	✓	•	
FOOD SERVICE OPERATIONS	12/31/15	12/31/16	12/31/15	12/31/16	2015	2016	2017
Federal and State Reimbursement	M	M	L	L		•	
Sales Cycle	H	H	L	L		•	
Inventory and Purchasing	M	M	L	L		•	
Eligibility Verification	M	M	L	L		•	
Vending Machines	H	H	L	L		•	
EXTRA CLASSROOM ACTIVITY FUND	12/31/15	12/31/16	12/31/15	12/31/16	2015	2016	2017
General Controls	H	H	L	L			
Cash, Cash Receipts and Disbursements	H	H	L	L			
INFORMATION TECHNOLOGY	12/31/15	12/31/16	12/31/15	12/31/16	2015	2016	2017
Governance	M	M	L	L	•		■
Network Security	H	H	L	L			■
Financial Application Security	H	H	L	L			■
Disaster Recovery	H	H	L	L			■
Permissions	H	H	L	L			■
STUDENT RELATED DATA AND SERVICES	12/31/15	12/31/16	12/31/15	12/31/16	2015	2016	2017
Student Attendance	H	H	L	L		•	■
Student Performance Data	H	H	L	L		•	■
Student Security and Safety	H	H	L	L		•	■
TRANSPORTATION SERVICES	12/31/15	12/31/16	12/31/15	12/31/16	2015	2016	2017
Student Transportation	M	M	L	L		•	
Transportation Contracts	L	L	L	L		•	
Transportation State Aid	M	M	L	L		•	
STUDENT SERVICES	12/31/15	12/31/16	12/31/15	12/31/16	2015	2016	2017
STAC	H	H	L	L		•	
Medicaid	H	H	L	L		•	