

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

October 4th, 2018

Dear Mr. Cushin:

Below, please find the District's response to findings and recommendations of the Risk Assessment Report, which was performed by the district's internal auditors, Nawrocki Smith, LLP.

The Freeport School District hereby submits a Corrective Action Plan for the Risk Assessment Report which is required under Section 170.12 of the Regulations of the Commissioner of Education in response to issues identified in the 2017/2018 Risk Assessment Report provided to the district by our internal auditors. Please note that the information below is intended to ensure that the district properly accounts for the findings contained in the report titled "Freeport Public School District, Risk Assessment Update Pertaining to the Internal Controls of District Operations, June 2018."

Recommendation #1

The District should assign an individual separate from the Benefits Department to review the health insurance bills. This will prevent a single employee, the Office Assistant, from controlling all phases of the billing and cash collection function.

Subsequent to our review the District is in the process of taking corrective action and implementing the above recommendation.

District's Response:

As stated above, the District has implemented the recommendation and assigned another individual outside of the Benefits department the task of reviewing the bill.

Recommendation #2

The Business Office and the vendor that supports the eFinance Plus application should review the software capabilities in generating invoices that will reduce the risk of receivable becoming undetected and allow the Business Office to have a comprehensive and timely view of all cash receipts throughout the District.

Subsequent to our review, it was represented that the District's eFinance Plus application does not have the software capabilities to generate invoices. The Business Office is researching alternative methods through Google Forms whereby the various Department will generate electronic standardized invoices that would be reviewed and approved by the Department Supervisor and would be automatically forwarded to the Business Office for monitoring purposes.

District's Response:

As stated above, the District has implemented the recommendation. Due to the financial system limitations in regards to invoice generation, the District has created a template invoice using Google Form, which is being piloted during the 2018-19 year.

Recommendation #3

Accountability over cash receipts at the building level is enhanced when cash is recorded in a safe deposit log as soon as practicable from the date cash is received. The longer receipts go without being entered into the safe deposit log, the greater the risk an employee could misappropriate funds. The safe deposit log should be reconciled to the amount of cash on hand submitted to the Business Office. This will assist in uncovering discrepancies between actual cash collected and recorded amounts in a timely manner.

District's Response:

The District has implemented the recommendation.

Recommendation #4

The Business Office should receive approval from the Board of Education prior to depositing funds and entering collections in eFinance Plus. This will ensure that the District receives donations based on the acceptance of the Board of Education within existing policy.

District's Response:

The District has implemented the recommendation.

Recommendation #5

The Human Resource Department should verify that both evaluators and employees sign and date the evaluations to ensure employee performances are reported completely and accurately. This will enhance assist the Human Resources Department in documenting that the employee and evaluator are in agreement with the evaluation.

District's Response:

The District has implemented the recommendation.

Recommendation #6

The Central Treasurers should refer to the 2015 version of the New York State Education Department's publication, "The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds" to ensure that the District adheres to the most current laws and regarding the management of Extraclassroom activity funds.

District's Response:

The District has implemented the recommendation.

Recommendation #7

The District should maintain vendor invoices to support the expenditures pertaining to student related services. It is also recommended that the Pupil Personnel Department maintains a log to track invoices for each student whose related costs exceed the District's reimbursement threshold. This will assist the District in tracking and verifying the provider invoices to the reimbursement claims submitted to the New York State Department of Education.

It should be noted that the Pupil Personnel Services Department has implemented this recommendation for student related reported subsequent to the period audited.

District's Response:

As stated above, the District has implemented the recommendation subsequent to the period audited.

Recommendation #8

In addition to the existing documents, the Pupil Personnel Services Department should maintain provider session notes for student related services that are eligible for Medicaid reimbursement to ensure the validity of the District's reimbursement claim. As best practice, the Pupil Personnel Service Department should maintain a checklist of the following for each claim:

- a) Written parental consent form
- b) Physician prescriptions
- c) Provider agreements
- d) Session notes

It should be noted that the Pupil Personnel Services Department has implemented this recommendation for student related services reported subsequently to the period audited.

District's Response:

As stated above, the District has implemented the recommendation subsequent to the period audited.

Recommendation #9

The Pupil Personnel Services Department should review the provider session notes for each student noted within our analysis and determine the District's eligibility to claim reimbursement for Medicaid. The Pupil Personnel Services Department should claim for Medicaid reimbursement any and all eligible services within the allowed billing windows.

It should be noted that the Pupil Personnel Services Department has implemented this recommendation for student related services eligible for Medicaid reimbursement subsequent to the period audited.

District's Response:

As stated above, the District has implemented the recommendation subsequent to the period audited.

Recommendation #10

The District should develop and provide periodic cybersecurity awareness training for all employees including new hires, Information Technology Department, and job positions that handle PII. The training should explain the proper rules of behavior for using information technology systems, the insider type of threats from a cyber security perspective, and the implications of a cyber security breach. The training should also include guidance on use of social media, Bring Your Own Device ("BYOD"), and how to respond to a phishing or ransomware attacks. At the District's request, Nawrocki Smith can assist in this effort.

District' Response:

The District is in the process of reviewing various cybersecurity awareness trainings and plans to conduct training once a training program has been selected.

Very truly yours,
Beth Rella
Assistant Superintendent for Business