



**Freeport Public School District**

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

**June 2018**

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED UPON PROCEDURES**

The Board of Education  
Freeport Public School District

We have performed the procedures enumerated below, which were agreed to by the Freeport Public School District (the "District"), solely to assist the District. This agreed upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We have updated our June 2017 Risk Assessment by performing certain internal audit procedures pertaining to the time period starting July 1, 2017 through June 30, 2018. The updated Risk Assessment and related internal audit plan concentrates on the following key internal control areas:

- |                                       |                                |
|---------------------------------------|--------------------------------|
| • Governance and Planning             | • Fixed Assets                 |
| • Budget Development                  | • Food Service                 |
| • Accounting and Reporting            | • Extraclassroom Activity Fund |
| • Revenue and Cash Management         | • Information Systems          |
| • Grants                              | • Student Data Management      |
| • Payroll                             | • Pupil Personnel Services     |
| • Human Resources                     | • Transportation               |
| • Benefits                            | • Security and Safety          |
| • Purchasing and Related Expenditures | • Cyber Security               |
| • Facilities/Capital Projects         |                                |

Our engagement is limited in scope and will be confined to our agreed-upon procedures. We will not be conducting an audit or review of the district's financial statements and therefore we will not express an opinion or any other form of assurance on them.

At the end of our engagement, we will present the results of applying the agreed-upon procedures in the form of our findings in a report. Our accountants' report should be used only for the intent of the original users of this report, and will include a statement indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you. As such, using this report for anything other than the original intent of the agreed-upon procedures could mislead the readers. You must notify us immediately if the original users of the report change.

Very truly yours,

***Nawrocki Smith LLP***  
October 10, 2018



**Freeport Public School District**

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**of District Operations**

**June 2018**

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**Freeport Public School District**  
**Annual Risk Assessment**  
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**Risk Assessment Overview**

This Risk Assessment report provides a presentation of our view of the school district's risk pertaining to its financial operations. It gives the District's administration the information necessary to help optimize its overall performance. The report identifies, expresses, and prioritizes the key program risks so that the District's administration can focus on those areas most critical to its success. This analysis is used to define the District's risk profile. It will provide an overview of the risks facing the District's operations.

In accordance with the laws of New York, 2005, Chapter 263, all school districts and BOCES were required to establish an internal audit function no later than July 1, 2006 and be in operation no later than December 31, 2006. This function should include, at a minimum, development of a risk assessment of district operations, including but not limited to:

- A review of financial policies, procedures and practices
- An annual review and update of such risk assessment
- Annual testing and evaluation of one or more areas of the District's internal controls
- Preparation of reports which analyze significant risk assessment findings
- Recommended changes for strengthening controls and reducing identified risk; and specifying time frames for implementation of such recommendations

Pursuant to Section 170.12 – Regulations of the Commissioner of Education – School District Financial Accountability, each school district must prepare a corrective action plan, approved by the Board of Education in response to findings to final reports issued by the internal auditor. This plan should include expected dates of implementation and should be filed with the New York State Education Department.

**Internal Audit Objectives**

The objectives of our engagement are as follows:

- Develop an understanding of the critical business processes of the District within each functional area
- Identify and qualify risks based on the understanding of the business processes and stated business rules
- Identify stated controls that are currently in place to address those risks and ascertain if they are operating effectively
- Recommend improvements in internal controls

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**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 fiscal year ending June 2018 and were carried out in order to determine an internal audit plan for fiscal year 2018/2019 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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**Internal Audit Risk Assessment Update Summary**

We have analyzed nineteen (19) Business Process areas within the District and have developed an internal audit plan based upon our assessment of each area. Each of the nineteen (19) Business Processes contains multiple categories for which an extensive cycle analysis will be performed during the proposed time period noted within the risk rating and internal audit plan. The plan as presented will be revised each year based upon the annual risk assessment update and events/requests that occur during the year which impact the priority of future internal audit services.

The results of our update risk assessment are summarized below and in the tables presented on pages 5 through 6. We have utilized a “Low,” “Moderate,” and “High” control risk rating assessment scale of our assessment of the District, which is summarized below:

<b><u>Current Year Ratings</u></b>		<b><u>Changes from Prior Year</u></b>	
<b><u>Rating</u></b>	<b><u>Count</u></b>	<b><u>Category (*)</u></b>	<b><u>Count</u></b>
High	- 0.00%	“High” to “Low”	- 0.00%
Moderate	3 3.53%	“High” to “Moderate”	- 0.00%
Low	82 96.47%	“Moderate” to “Low”	- 0.00%
<b>Total</b>	<b>85 100.00%</b>	“Low” to “Moderate”	2 100.00%
		“Moderate” to “High”	- 0.00%
		<b>Total</b>	<b>2 100.00%</b>

(\*) Refer to pages 5 through 6 for business process rating changes.

- The June 2018 risk assessment update contains nine (9) current year recommendations.
- The District has completed or has taken action on the seven (7) June 2017 risk assessment update report recommendations as follows:

<b><u>Status of Prior Year</u></b>	<b><u>Complete</u></b>	<b><u>In-Process</u></b>	<b><u>Total</u></b>
<b><u># of Recommendations</u></b>	<b>6</b>	<b>1</b>	<b>7</b>

We have summarized below our work plan for the 2018/2019 fiscal year:

**Cycle Review:**

- Payroll

**Other 2018/2019 Planned Internal Audit Services:**

- Key Control/Other Testing (See “T” categories on Pages 5-6)
- External Audit Corrective Action Plan Monitoring
- Revenue and Cash Management Cycle Recommendations Follow-Up
- Quarterly Internal Audit Status Reports
- Annual Risk Assessment Update as of June 2019
- Other Internal Audit Services at the Request of the District/BOE

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**Risk Rating and Internal Audit Plan**

✓ = Internal Audit Services Provided      X = Proposed Business Cycle Review  
★ = Business Cycle Review Complete      T = Limited Testing of Business Process

	Business	Business Process Categories	Inherent	RISK			Prior	YEAR OF SERVICE		
				Control		Change		18-19	19-20	Subsequent
				16-17	17-18					
<u>1</u>	<b><u>Governance and Planning</u></b>	Governance Environment	H	L	L	—	✓			X
		Control Environment / Policies & Procedures	H	L	L	—				X
<u>2</u>	<b><u>Budget Development</u></b>	Budget Development	H	L	L	—	✓			X
		Budget Monitoring & Reporting	H	L	L	—	✓	T		X
<u>3</u>	<b><u>Accounting &amp; Reporting</u></b>	Financial Accounting and Reporting	H	L	L	—	✓			X
		External/Internal/Claims Auditing	H	L	L	—				X
		Fund Balance Management	H	L	L	—	✓			X
<u>4</u>	<b><u>Revenue and Cash Management</u></b>	Real Property Tax	M	L	L	—	★			
		State Aid	H	L	L	—	★			
		Out of District Tuition/Reimbursable Expenses	M	L	L	—	★			
		Use of Facilities	L	L	L	—	★			
		Donations	M	L	L	—	★			
		Vending Machines	H	L	L	—	★			
		Cash Receipts	H	L	M	▲	★			
		Cash & Investment Management	H	L	L	—	★			
		Petty Cash	L	L	L	—	★			
		Bank Reconciliations	H	L	L	—	★			
		Online Banking	H	L	L	—	★			
		Accounts Receivables	H	N/A	L	N/A				
<u>5</u>	<b><u>Grants</u></b>	General Processing/Monitoring	H	L	L	—	★			
		Grant Application	M	L	L	—	★			
		Allowable Costs & Expenditures	H	L	L	—	★			
		Cash Management	M	L	L	—	★			
		Reporting and Monitoring	H	L	L	—	★			
<u>6</u>	<b><u>Payroll</u></b>	Payroll Disbursements	H	L	L	—	★	X		
		Overtime Payments	H	L	L	—	★	X		
		Payroll Accounting & Reporting	H	L	L	—	★	X		
		Payroll Tax Filings	H	L	L	—	★	X		
		Payroll Reconciliation	H	L	L	—	★	X		
<u>7</u>	<b><u>Human Resources</u></b>	Employment Requisition/Hiring	H	L	L	—	★			
		Personnel Evaluation	H	L	L	—	★			
		Termination	H	L	L	—	★			
		Employee Attendance	H	L	L	—	★			
<u>8</u>	<b><u>Benefits</u></b>	Eligibility	H	L	L	—	★			
		Benefit Calculations	H	L	L	—	★			
		Patient Protection and Affordable Care Act	H	L	L	—	✓			
		Retiree Benefits	H	L	L	—	★			
		ERS/TRS System	H	N/A	L	N/A	★			
<u>9</u>	<b><u>Purchasing and Related Expenditures</u></b>	PO System & Vendor Database	H	L	L	—	★			
		Purchasing Process	H	L	L	—	★			
		Payment Processing	H	L	L	—	★			
		Employee Reimbursements	H	L	L	—	✓			
		Credit Cards	H	L	L	—	★			

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**Risk Rating and Internal Audit Plan**

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

X = Proposed Business Cycle Review  
T = Limited Testing of Business Process

	Business Process	Business Process Categories	Inherent	RISK			Prior	YEAR OF SERVICE		
				Control		Change		18-19	19-20	Subsequent
				16-17	17-18					
10	<b><u>Facilities/Capital Projects</u></b>	Facilities Maintenance & Work Orders	H	L	L	—	★			
		Construction Planning & Monitoring	M	L	L	—	✓			
		Capital Project Funding & Payments	M	L	L	—				
		Recordkeeping & Reporting	M	L	L	—		T		
11	<b><u>Fixed Assets</u></b>	Inventory/ Capitalization Policy	H	L	L	—	★			
		Acquisition and Disposal	H	L	L	—	★			
		Inventory Process & Recordkeeping	H	L	L	—	★			
12	<b><u>Food Service</u></b>	Sales Cycle and System	M	L	L	—	★			
		Inventory and Purchasing	M	L	L	—	★			
		Free & Reduced Meals	M	L	L	—	★			
		Federal and State Reimbursement	H	L	L	—	★			
		Financial Reporting & Monitoring	M	L	L	—	★			
13	<b><u>Extraclassroom Activity Fund</u></b>	General Controls	H	L	L	—	★			
		Revenue	H	L	L	—	★			
		Expenditures	M	L	L	—	★			
		Reporting	M	L	L	—	★			
14	<b><u>Information System</u></b>	Governance	H	L	L	—	★			
		Inventory	H	L	L	—	★			
		Network Security	H	L	L	—	★			
		Application Security	H	L	L	—	★			
		Physical Security	H	L	L	—	★			
		Disaster Recovery	H	L	L	—	★			
15	<b><u>Student Data Management</u></b>	Registration & Enrollment	H	L	L	—				
		Student Attendance	H	L	L	—				
		Student Performance	H	M	M	—	✓			
16	<b><u>Pupil Personnel Services</u></b>	Budgeting and Planning	H	L	L	—	★			
		STAC Reimbursement	H	L	L	—	★			
		Medicaid Reimbursement	H	L	M	▲	★			
		RFP and Contracts	H	L	L	—	★			
17	<b><u>Transportation</u></b>	Fleet Inventory and Maintenance	H	L	L	—	★			
		Bus Routing and Planning	H	L	L	—	★			
		Labor and Supervision	H	L	L	—	★			
		Contract Management	H	L	L	—	★			
		Federal and State Reimbursement	H	L	L	—	★			
18	<b><u>Safety &amp; Security</u></b>	Plan Development & Strategy	H	L	L	—	✓		X	
		Building Access & Security System	H	L	L	—		T	X	
		Compliance and Incident Reporting	H	L	L	—	✓		X	
		Safety & Security Monitoring	H	L	L	—			X	
19	<b><u>Cyber Security</u></b>	General Controls	H	N/A	L	N/A				X
		Information & Asset Security	H	N/A	L	N/A		T		X
		Vulnerability Assessment	H	N/A	L	N/A				X
		Incident Response & Recovery	H	N/A	L	N/A				X



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**Inherent Risk** - Inherent risk is the risk of a material misstatement in the un-audited information assuming the absence of internal controls procedures.

**Control Risk** - Control risk is the risk that a material misstatement in the un-audited information will not be detected and corrected by the management's internal control procedures on a timely basis.

**Risk Assessment Observations and Recommendations**

*Current Year Observations and Recommendations*

<b>Revenue and Cash Management</b>
------------------------------------

1. The Clerk Typist in the Benefits Department is responsible for invoicing, receiving payments, and preparing deposit slips for the District Messenger to make bank deposits which creates a segregation of duties risk.

➤ *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.*

2. Each Department utilizes a manual standard invoice form to bill for use of facilities, health services, related services, special education, and health benefits. The Business Office receives a copy of these invoices and enters the receivables into eFinance Plus and monitor future collections.

➤ *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.*

3. The building level Main Offices do not maintain a safe deposit log in a consistent manner to track the individuals who placed and/or removed money from the safe.

➤ *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.*

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**Human Resources**

4. We conducted key control testing in the area of employee evaluations and noted certain employee evaluations forms did not indicate the employee's acknowledgement of the evaluation.
- *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.*

**Extraclassroom Activity Fund**

5. The District utilizes the 2008 New York State Education Department' publication, "The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds" as a guide for Central Treasurers and Club Advisors.
- *The Central Treasurers should refer to the 2015 version of the New York State Education Department' 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.*
- Subsequent to our review, the Extraclassroom Central Treasurers have implemented this recommendation.*

**Pupil Personnel Services**

6. We conducted key control testing in the area of STAC reimbursement and noted variances between the 10 month net cost submitted to the New York State and the invoices retained by the Pupil Personnel Department.
- *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 services reported subsequent to the period audited.*
7. We analyzed the District's Medicaid claim files and noted that certain files did not contain the required session notes to support the District's claim for Medicaid reimbursement.
- *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*

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

8. We conducted key control testing in the area of Medicaid reimbursement claims and noted certain student files that had session notes for Medicaid covered services that were not claimed by the District.

➤ *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.*

<b>Cybersecurity</b>
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9. The District has not developed training workshops on cybersecurity or how to deal with related incidents.

➤ *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.*

***Status of Prior Year Recommendations***

We have performed follow-up internal audit services applicable to our previously issued risk assessment update report dated June 2017. The services we performed included observing and evaluating the implementation status of the District's action plan in respect to our risk assessment recommendations.

The June 2017 risk assessment update report identified seven (7) recommendations within two (2) distinct business process areas. The District has completed or taken action on the seven (7) recommendations as follows:

<b><u>Business Process</u></b>	<b><u>Complete</u></b>	<b><u>In-Process</u></b>	<b><u>Total</u></b>
Food Service	5	1	6
Student Data Management	1	-	1
<b>Total</b>	<b>6</b>	<b>1</b>	<b>7</b>

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<b>Food Service</b>
---------------------

- In addition to the existing policies, documented procedures, and forms, the Food Service Department should develop documented guidelines regarding monitoring dietary requirements, monitoring of participation and profitability, inventory process, free and reduce meal application process, federal and state aid reimbursement process, and sales and cash management. The documented procedures should be reviewed and updated annually to maintain relevance, and reflect regular changes in the facilities environment. The narratives attached to the internal audit report should serve as supplemental enclosures to the District's documented procedures.

**Status as of June 2018: Complete**

- All Head Cooks should utilize the standardized inventory listing developed by the Food Service Department to document and maintain inventory records in an accurate and efficient manner. Furthermore, storage areas should be organized in a way that food supplies are readily available and identifiable to allow Food Service Workers utilize them and Head Cooks perform their monthly inventories. Food supplies should be dated utilizing the date of arrival and the food service workers should utilize the First In First Out method to ensure efficient use of products. This will assist in the consistency of the inventory recordkeeping at the building level and the efficient monitoring process for the Food Service Department.

**Status as of June 2018: Complete**

- The District should consider in exploring the full capabilities of the food service management software and implement a perpetual inventory system. Furthermore, the Head Cooks should consider performing a piece count inventory to ensure accuracy. A perpetual inventory system would allow the District to immediately identify inventory items that are running low and also allow the District to investigate any discrepancies when a physical inventory is performed.

**Status as of June 2018: In-Process**

- Cash registers should remain locked at all times during the day in order to endure the security of its contents. Additionally, all cafeterias should maintain a log of the cash register contents and when items are placed into and removed from the registers. This will enhance the control over the contents maintained within the cafeteria cash registers.

**Status as of June 2018: Complete**

- The Food Service Director should review overages and shortages on a weekly basis between the actual deposits and the WebSmart reports and communicate the reconciliation results to the Executive Director for Business. The Business Office should also independently review on a monthly basis the deposit amounts reported on the daily sales reports generated by WebSmart to the deposit slips, Finance Plus, and bank statements. This will enhance the controls surrounding the accounting and reporting of the food sales collection process.

**Status as of June 2018: Complete**

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- The District should continue its efforts to communicate to District employees of the importance of submitting invoices and supporting documentation to the Accounts Payable Department for payment processing in a timely manner. This will help ensure that all cash disbursements are accurate and complete.

**Status as of June 2018: Complete**

<b>Student Data Management</b>
--------------------------------

- The Data Administrator should review security group memberships of all users in SchoolTool to ensure that group memberships provide minimum permissions necessary for users to carry out their job responsibilities. This review should include an analysis of user accounts that that may have been shared with students. The Information Technology Department should review the password protection safeguards and network security controls including individual workstations to ensure that they prevent unauthorized access by students and prevent computer tampering and unauthorized access to devices that may key log teacher's credentials and activities in the SchoolTool application.

**Status as of June 2018: Complete**

**Exhibits**

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

***Exhibit II***     Internal Audit Status Report for 2018/2019

**Freeport Public Schools**  
**Internal Audit - Nawrocki Smith**  
**History of Internal Audit Reports Issued**  
**July 2006 through June 2018**  
**Exhibit I**

<b><u>Report Type</u></b>	<b><u>2006/ 2007</u></b>	<b><u>2007/ 2008</u></b>	<b><u>2008/ 2009</u></b>	<b><u>2009/ 2010</u></b>	<b><u>2010/ 2011</u></b>	<b><u>2011/ 2012</u></b>	<b><u>2012/ 2013</u></b>	<b><u>2013/ 2014</u></b>	<b><u>2014/ 2015</u></b>	<b><u>2015/ 2016</u></b>	<b><u>2016/ 2017</u></b>	<b><u>2017/ 2018</u></b>
<b><u>Cycle Reviews</u></b>												
Benefits	-	-	-	-	-	√	-	-	-	-	-	-
Extraclassroom Activity Fund	√	-	-	-	-	-	-	-	-	-	-	-
Facilities	-	-	-	-	-	-	-	-	-	√	-	-
Fixed Assets	-	√	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-	√	-
Grants (ARRA)	-	-	-	-	√	-	-	-	-	-	-	-
Human Resources	-	-	-	√	-	-	-	-	-	-	-	-
Information Technology	-	-	-	-	-	-	-	√	-	-	-	-
Key Administrator Contract Monitoring	-	-	-	√	-	-	-	-	-	-	-	-
Payroll	-	-	√	-	-	-	-	-	-	-	-	-
Payroll Payout	-	-	-	√	-	-	-	-	-	-	-	-
Pupil Personnel Services	-	-	-	-	-	-	√	-	-	-	-	-
Revenue and Cash Management	-	-	-	-	-	-	-	-	-	-	-	√
Textbooks	-	√	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	√	-	-	-
<b><u>Key Control Testing</u></b>												
Bank Reconciliations & Treasurer's Reports	√	√	√	√	√	-	-	-	-	√	-	-
Benefit Calculations	-	-	√	-	-	-	-	-	-	-	√	-
Benefit Eligibility	-	-	-	-	-	-	-	-	√	-	-	-
Benefits Patient Protection & Affordable Care Act	-	-	-	-	-	-	-	-	-	√	-	-
Budget Development	-	-	-	-	-	-	√	-	-	-	-	-
Budget Monitoring and Reporting	-	-	-	-	-	-	-	-	-	√	-	-
Budget Transfers	√	-	√	√	-	-	√	-	-	-	-	-
Cash Disbursements	-	√	√	-	-	-	-	-	-	-	-	-
Cash Receipts	√	√	√	√	-	-	-	-	-	-	-	-
Cash Receipts (FEMA)	-	-	-	-	-	-	-	-	√	-	-	-
Construction Monitoring	-	-	-	-	√	-	-	-	-	-	-	-
Construction Monitoring (Bond Payments)	-	-	-	-	-	-	-	-	√	-	-	-
Credit Cards	-	-	-	-	-	-	-	-	-	√	-	-
Donations	-	-	√	-	-	-	-	-	-	-	-	-
Employee Attendance	-	-	√	-	-	-	-	√	-	-	-	-
Employee Hiring	-	-	-	-	-	-	-	-	-	√	-	-
Extraclassroom Activity Fund Cash Receipts & Disbursements	-	-	-	-	-	-	-	-	√	-	-	-
Extraclassroom Activity Fund - General Controls	-	-	-	-	-	-	-	-	-	-	-	√
Financial Application Security	-	-	-	-	-	√	-	-	-	-	-	-
Fixed Asset Inventory	-	-	√	-	-	√	√	√	-	-	-	-
Food Service Sales Cycle	-	-	-	√	√	-	-	-	-	-	-	-
Food Service-Eligibility Verification	-	-	-	-	-	-	√	-	-	-	-	-
Food Service Inventory Management	-	-	-	-	-	-	-	-	√	-	-	-
Grant Applications, Reporting and Monitoring	-	-	√	-	-	-	-	-	-	-	√	-
Investment Management	-	-	√	-	-	-	-	-	-	-	-	-
IT Disaster Recovery	-	-	-	-	√	-	-	-	-	-	-	-
Journal Entries	√	-	√	√	-	-	√	-	-	-	-	-
Medicaid Reimbursement	-	-	-	-	-	-	-	-	-	-	-	√
Out of District Tuition	-	-	√	-	-	-	-	-	-	-	√	-
Payroll Disbursements	√	-	-	-	-	√	-	√	-	-	-	-
Personnel Evaluations	-	-	-	-	-	-	-	-	-	-	-	√
Petty Cash	-	-	√	√	-	-	-	-	-	-	-	-
Purchasing Process	-	-	-	-	-	-	-	√	-	-	-	-
Real Property Tax	-	-	-	-	√	-	-	-	-	-	-	-
State Aid	-	-	-	√	-	-	-	-	-	-	-	-
Safety & Security Compliance & Incident Reporting	-	-	-	-	-	-	-	-	-	√	-	-
Safety & Security Plan Development	-	-	-	-	-	-	-	-	√	-	-	-
STAC Reimbursement	-	-	-	√	-	-	-	-	-	-	-	√
Student Performance	-	-	-	-	-	-	-	-	-	-	√	-
Transportation Aid	-	-	-	-	-	√	-	-	-	-	-	-
Travel and Conference	-	-	-	-	√	-	-	-	-	-	-	-
Use of Facilities	-	-	√	-	-	√	-	-	-	-	-	-
Vending Machines	-	-	-	-	√	-	-	-	-	-	-	-
Vendor Database	-	-	-	-	-	-	-	√	-	-	-	-
Wire Transfers	√	-	-	-	√	-	-	-	-	-	-	-

**Freeport Public Schools**  
**Internal Audit - Nawrocki Smith**  
**History of Internal Audit Reports Issued**  
**July 2006 through June 2018**  
**Exhibit I**

<b><u>Report Type</u></b>	<b><u>2006/ 2007</u></b>	<b><u>2007/ 2008</u></b>	<b><u>2008/ 2009</u></b>	<b><u>2009/ 2010</u></b>	<b><u>2010/ 2011</u></b>	<b><u>2011/ 2012</u></b>	<b><u>2012/ 2013</u></b>	<b><u>2013/ 2014</u></b>	<b><u>2014/ 2015</u></b>	<b><u>2015/ 2016</u></b>	<b><u>2016/ 2017</u></b>	<b><u>2017/ 2018</u></b>
<b><u>Other Internal Audit Services</u></b>												
Benefits Cycle Follow-Up	-	-	-	-	-	-	√	-	-	-	-	-
Corrective Action Plan - External Audit	√	√	√	√	√	√	√	√	√	√	√	√
Corrective Action Plan - New York State Comptroller's Report	-	-	-	-	-	-	-	-	-	√	-	-
ECAF - Building Level Cash Activity & Monitoring	-	√	-	-	-	-	-	-	-	-	-	-
ECAF - Planning	-	-	√	-	-	-	-	-	-	-	-	-
ECAF - Training	-	-	√	-	-	-	-	-	-	-	-	-
ECAF-Club Advisor Review	-	-	-	√	-	-	-	-	-	-	-	-
ECAF-Control Implementation	-	-	-	√	-	-	-	-	-	-	-	-
Extraclassroom Activity Controls Implementation	-	-	√	-	-	-	-	-	-	-	-	-
Facilities Cycle Recommendations Follow-Up	-	-	-	-	-	-	-	-	-	-	√	-
Food Service Cycle Follow-Up	-	-	-	-	-	-	-	-	-	-	-	√
Human Resources Cycle Recommendations Follow-Up	-	-	-	-	√	-	-	-	-	-	-	-
Payroll Procedures	√	-	-	-	-	-	-	-	-	-	-	-
Pupil Personnel Services Cycle Audit Corrective Action Plan Monitori	-	-	-	-	-	-	-	√	-	-	-	-
Quarterly Status Reports	√	√	√	√	√	√	√	√	√	√	√	√
Retirement/Separation Payout	-	-	-	√	√	√	√	√	√	√	√	√
Retirement/Separation Payout Calculation Procedures	-	-	√	-	-	-	-	-	-	-	-	-
Transportation Cycle Follow-Up	-	-	-	-	-	-	-	-	-	√	-	-
Risk Assessment	√	√	√	√	√	√	√	√	√	√	√	√



**Freeport Public Schools**

**2018/2019 INTERNAL AUDIT PLAN**

**(Based upon June 2018 Risk Assessment Update)**

**Exhibit II**

**Cycle Reviews**

**Status**

- Payroll

**Planned for Oct-18**

**Key Control Testing Areas**

**Status**

- Budget Transfers
- Capital Projects Recordkeeping
- Safety & Security - Building Access and Security Systems
- Cyber Security - Information and Asset Security

**Planned for Jan - 19**  
**Planned for Jan - 19**  
**Planned for Jan - 19**  
**Planned for Jan - 19**

**Additional Internal Audit Services**

**Status**

- Risk Assessment Update Report as of June 2018
- External Audit Corrective Action Plan Monitoring
- Revenue and Cash Management Cycle Recommendations Follow Up
- Retirement Payout Monitoring
- Annual Risk Assessment Update as of June 2019
- Issue Quarterly Status Reports
- Other Internal Audit Services at the Request of the District

**Draft Complete**  
**Planned for Jun - 19**  
**Planned for Jun - 19**  
**As Requested**  
**Planned for Jun - 19**  
**Quarterly**  
**As Requested**

**Tentative On-Site Internal Audit Schedule**

**Oct 9<sup>th</sup> - Oct 12<sup>th</sup>**  
**Jan 14<sup>th</sup> - Jan 18<sup>th</sup>**  
**Jun 10<sup>th</sup> & Jun 11<sup>th</sup>**