



White Plains City School District

Updated Risk Assessment Report
Covering the State mandate for the Year Ending June 30, 2020

White Plains City School District
Table of Contents

Cover Letter 1

Summary 2

Risk Assessment Overview 3

Explanation of Risk Ratings 4

Risk Ratings - Results 5

Summary of Reviewed Areas 6-12

To the Board of Education
White Plains City School District
White Plains, New York

We have performed an update to our previous Risk Assessment report, dated November 9, 2018, of the White Plains City School District (the District). The purpose of this engagement is to ensure compliance with applicable New York State laws and regulations under the Fiscal Accountability Initiative for the fiscal year ending June 30, 2020.

Our report updates the risk assessment scores and levels of the different processes of the District and highlights any improvements or weaknesses in internal controls noted since the last risk assessment report. This report also provides a recommended area where an in-depth review should be performed.

The Commissioner of Education Regulation Section 170.12(e)(4) requires that a school district prepare a corrective action plan, approved by its Board of Education, within 90 days of receipt of the final internal audit report. The corrective action plan must then be filed with the New York State Education Department.

We are pleased to have had the opportunity to serve you and look forward to reviewing this report in detail with you. We would also like to thank the Board of Education and the employees of the White Plains City School District for their time and assistance during our engagement.

Sincerely,

Tobin & Company
Certified Public Accountants, PC
October 29, 2019

White Plains City School District

Summary

Since our last Risk Assessment, the District implemented new processes and procedures in several operational areas. This has resulted in positive changes and stronger internal controls to areas previously noted for potential improvement.

Overall, we feel that the District has made significant strides in strengthening their internal controls. They continue to be proactive in making improvements where needed. The body of the report further describes our observations and assessments. Below is a summary of our observations:

Notable improvements to internal controls and procedures since the last risk assessment:

- 1) Since our last Risk Assessment, the District has started using BoardDocs. This is an automated system where vital information can be posted and updated on a routine basis.
- 2) The Human Resources department has started conducting exit interviews for employees leaving the district.
- 3) The District has started the process of updating and readopting all Board Policies, which will then be available on-line.
- 4) The Business Office has developed a Procedures Manual that is accessible on-line and has been disseminated to Administration.
- 5) The vendor copies of the purchase order, when possible, are now e-mailed to the vendor. If the vendor is a larger organization (i.e. Apple), the Purchase Order is e-mailed to the department head requesting the purchase order.
- 6) Data back-up is now housed at the LHRIC (Lower Hudson Regional Information Center) and information can now be monitored 24 hours a day 7 days a week.
- 7) The Transportation Department is now tracking bus monitors' attendance on approved routes.
- 8) Human Resources is making improvements to review the work of the employees within the department, including benefits. Some cross-training is taking place but is severely limited by the lack of staffing within the department.
- 9) The District has begun staggering the start and end shifts of its maintenance staff, so work that cannot be performed during school hours can be done after hours without incurring overtime.

White Plains City School District

Risk Assessment Overview

At the request of the Board of Education of the White Plains City School District (the District) we have performed a review to update our Risk Assessment dated November 9, 2018. Our assessment includes an analysis of business procedures and activities. The risk assessment considered qualitative, quantitative, technological, and human elements of the District's operations.

During our engagement we performed the following procedures:

- We interviewed key personnel, including top administration, management, and business office employees.
- We evaluated forms and documentation used in the daily business processes.
- We evaluated internal controls policies and procedures.
- We evaluated security of assets and sensitive information.
- We reviewed the audit reports issued by the District's External Auditors as well as the State Comptroller's Office, and third-party consultants

Interviews of key personnel included the following:

Assistant Superintendent for Business - *Ann Vaccaro-Teich*

Senior Payroll Clerk - *Rochelle Rettleff*

Assistant Superintendent for Human Resources -*Scott Pepper*

Human Resources - *Bridget Parker*

Purchasing Agent - *Toni Russo*

Transportation - *Sergio Alfonso*

Information Technology- *Ron Velez*

Student Activity Clerk - *Annette Adamiak*

Facilities and Operations - *Frank Stefanelli*

Employee Benefits - *Tina Manorqui*

Claims Auditor - *Rose Rich*

Food Service - *Edward Marra*

Accountant - *Anthony Anzovino*

Treasurer - *Marcy Moskowitz*

Assistant Treasurer- *Ivana Amicucci*

White Plains City School District

Explanation of Risk Ratings

The risk assessment quantifies scores in various areas of the operations of the District. The scores determine if a particular area is graded low, medium, or high risk. The following illustrates the range of possible scores:

| | |
|-------------|----------|
| Low Risk | 21 - 49 |
| Medium Risk | 50 - 77 |
| High Risk | 78 - 105 |

Risk levels were assigned to each area based on six key variables.

- 1) *Dollar Volume* - The higher the dollar volume, the higher the value assigned.
- 2) *Adequacy of Personnel* - Values assigned depend on personnel having proper qualifications, and that there is enough staff to perform proper internal controls.
- 3) *Complexity of Activity* - Different areas are more complicated and allow more opportunities for fraud or misappropriations.
- 4) *Management Interest* - If management places a priority, or expresses interest in a particular area, it is awarded a higher risk value to ensure that attention is paid to that area.
- 5) *Adequacy of Procedures* - If there are proper procedures that are understood and followed, risk levels are significantly reduced.
- 6) *Adequacy of Internal Controls* - Lack of controls could mean that procedures are not followed correctly, increasing risk levels.

In order to calculate the Risk Score for each reviewed area, we have to determine the risk level for each variable. The following is an illustration of the calculation which assigns risk scores to each variable:

A= Rank - Each variable is ranked in order of its importance from 1-6 (6 being most important).

B = Descriptive Value - Each variable is scored with a value from 1-5 (5 being highest risk) depending on our findings for that particular area.

Ax B = Weighted Value - Calculated by multiplying each variable's rank by its descriptive value.

When we have computed a score for each variable, they are totaled giving us the Total Risk Score for the area being evaluated.

**It should be noted that not all of these variables can be controlled by the district. For instance, the dollar volume for receipts, payables, and payroll will always be high. Therefore, even with perfect controls these areas would not be considered low risk. This should be taken into consideration when reading the results of our scoring.*

White Plains City School District
Risk Ratings - Results

In the illustration below, we list each operational area, its previous assigned risk score, and the updated risk score, and level.

Risk Rating

| Area of Review | <i>Previous</i> | | <i>Current</i> | |
|------------------------------|-----------------|--------|----------------|---------------|
| | Score | Level | Score | Level |
| Payroll | 79 | High | 70 | Medium |
| Human Resources and Benefits | 79 | High | 77 | Medium |
| Capital Projects | 59 | Medium | 58 | Medium |
| Purchasing and Payables | 58 | Medium | 56 | Medium |
| Information Technology | 58 | Medium | 54 | Medium |
| Food Service | 55 | Medium | 53 | Medium |
| Accounting/Reporting/Billing | 54 | Medium | 54 | Medium |
| Facilities and Operations | 54 | Medium | 53 | Medium |
| Transportation | 49 | Low | 47 | Low |
| Government Aid/Grants | 47 | Low | 47 | Low |
| Student Activities | 47 | Low | 47 | Low |

The following table presents previously reviewed areas.

| Area of Review | Intensive Review History |
|----------------------------------|--|
| Facilities Usage | Completed June 30, 2016 |
| Purchasing and Payables | |
| Grants / Aid / Fiscal Operations | Completed June 30, 2014 |
| Facilities and Operations | Completed June 30, 2013 |
| Accounting/Reporting/Billing | Completed June 30, 2018 |
| Benefits | Completed June 30, 2012 |
| Information Technology | Completed June 30, 2011 |
| Student Activities | Completed June 30, 2010 |
| Human Resources and Payroll | Completed June 30, 2009, June 30, 2017 |
| Food service | Completed June 30, 2008, June 30, 2019 |

Recommendation for next intensive review areas

Given the fact that Student Activities is reviewed thoroughly by the External Auditor each year and has just completed an internal review by the Business Office, the recommendation is to do an intensive review of Purchasing or Benefits. Technology had a Cyber-Risk Assessment completed and is now moving forward with its recommendations. Therefore, we recommend performing a review of Purchasing or Benefits.

White Plains City School District

Summary of Reviewed Areas

PAYROLL - Risk Score: 70

Payroll is an area in which the high dollar volume in relation to the District budget inherently makes it a "higher risk" area. Payroll is also an area that is generally susceptible to fraud. These two factors make it difficult for the risk level in this area to ever be rated low, regardless of the controls in place.

Significant internal control changes made since the last risk assessment report:

- 1) The District has evaluated the use of timesheets, generally used for additional duties and overtime, and has developed procedures to clearly define the type of work reported on timesheets and has mandated that all overtime needs to be pre-approved by an administrator.
- 2) The District has updated controls related to changes in employees direct deposit, by ensuring that any changes are done in-person with appropriate ID.
- 3) The District negotiated with its bargaining units to change from a payroll schedule that is bi-weekly to semi-monthly, which eliminates paying employees in advance of time worked. In addition, this will reduce the risk of overpayments when employees leave mid-year. The District also eliminated, for subsequent years, the half-pay for returning 10-month employees.
- 4) Payroll Department staff has been cross-trained.

Observation and recommendation:

- 1) Observation: No live payroll distribution is done by the District.

Recommendation: Although, a payroll payout is the preferred method of verification of employees, it is not practical in this age of automation and would have an impact to an employee's ability to process and pay bills. As a result, in discussions with the District, the plan is to encourage all employees to go onto direct deposit and initiate emailing payroll stubs to each employee. This would eliminate paystubs going to each building/department. Currently, approximately 110 employees receive live checks, which constitutes less than 10% of total employees. On a future selected date, the District plans on requiring these employees to come to the payroll department to receive their live check.

Current Assessment

With the significant improvements have been made to the internal controls, the Risk Score is assessed at 70 with a Risk Level of *Medium*.

HUMAN RESOURCES AND EMPLOYEE BENEFITS - Risk Score: 77

This area is highly significant not only due to its relationship with Payroll, but also due to the complexity and sensitivity in maintaining relations with employees' representative unions, related contractual obligations and compliance requirements. As a result, this area can never be given a score lower than *Medium*.

Benefits are offered to most District employees. Benefits include; health insurance, dental insurance, vision insurance, life insurance, and retirement plans. Employees are required to contribute a percentage of the monthly premium based on their contract. In recent years the cost of benefits, specifically health insurance has increased. These costs have become a significant portion of a school district's budget. There have also been government regulations that have increased the complexity of health insurance. More than ever, it is important that districts maintain good internal controls and procedures over this area.

White Plains City School District

Summary of Reviewed Areas

HUMAN RESOURCES AND EMPLOYEE BENEFITS (continued)

Significant internal control changes made since the last risk assessment report:

- 1) Since our last Risk Assessment, the District has started using BoardDocs. This is an automated system where vital information can be posted and updated on a routine basis.
- 2) The Human Resources department has started conducting exit interviews for employees leaving the District.
- 3) Human Resources is making improvements to review the work of the employees within the department, including benefits. Some cross-training is taking place but is severely limited by the lack of staffing within the department.

Observations and recommendations:

- 1) Observation: The Benefits Clerk is responsible for on-boarding and de-boarding employees to the District's insurance plans. She is also responsible for calculating the employee benefit contribution amount.

Recommendation: The District should consider designating an independent employee to perform an annual review of active employees (and retirees) against the insurance bill. A sample review should also be performed on employee contribution amounts.

- 2) Observation: There is no written procedure manual for Human Resources and Benefits.

Recommendation: The District should develop a written procedure manual. This will help ensure that operations can always continue without disruption and good procedures and controls remain in effect.

Current Assessment

Since our last Risk Assessment, the District named a permanent Director of Human Resources to assist the Assistant Superintendent. The District's budget and employee size is much larger than neighboring districts, and as a result, a heavy burden is placed on the Human Resources Department. We believe that the addition of a Director position will assist the department by streamlining certain processes and allow for a more efficient operation. However, in order to process and provide information and data timely and accurately, in addition to proper internal controls and cross-training, it is clear that additional support staff is required for this size organization. The District should also consider additional support, i.e. legal, due to the volume of employee investigations that interfere with the day-to-day operations of the department.

We reduced the Risk Score slightly to 77, lowering the Risk Level *Medium*.

CAPITAL PROJECTS - Risk Score: 58

Capital projects are a significant process for a school district. It usually involves large capital expenditures, various levels of employees, contractors and professionals to complete a project. While these factors inherently increase the risk level, there are mitigating controls that normally prevent misappropriation of assets or fraud. Nevertheless, it is an operational area of the District that should be monitored. The District currently has about 110 maintenance projects ongoing, including paving, locker replacement, and LED lighting.

Current Assessment

Based on our interviews, the District maintains good controls over this area. The District is currently in the process of developing a plan for the next set of Capital Projects. Due to the controls in place, and the nature of the field, the Risk Score decreased to a 58, while the Risk Level remains *Medium*.

White Plains City School District

Summary of Reviewed Areas

PURCHASING AND PAYABLES - Risk Score: 56

Due to the significance of the activities in Purchasing and Payables, the susceptibility to misappropriation, loss, or fraud; internal control environment and documentation of internal controls; compliance with rules and regulations, the area tends to rate higher in risk than some other areas. Good internal controls and procedures will often reduce the risk to medium. Due to its nature, it is unlikely the area of Purchasing and Payables will ever rate Low Risk.

Significant internal control changes made since the last risk assessment report:

- 1) The vendor copies of the purchase order, when possible, are now e-mailed to the vendor.

Observation and recommendation:

- 1) **Observation:** Whether through a spelling error or a space included in the front of the vendor name, there are vendors who have multiple vendor numbers in nVision, each with a purchase order attached. There should only be one vendor number per vendor.

Recommendation: The Purchasing Department should review the vendor list to ensure there is only one vendor number per vendor. Those who have multiple vendor numbers should have a primary number while making the others "inactive". This will preserve the history of the inactive vendor number but will not allow future transactions while the number is inactive. It is acceptable if one vendor provides different services in different locations to potentially have this reflected as multiple vendors.

Current Assessment

As noted above, the Purchasing Department implemented several new internal control processes and procedures. They recently updated key forms and uploaded them to the District's website to provide for a continued user-friendly database for all Administrators and Office Managers involved in the purchasing and requisition process.

We believe that our findings warranted a decrease in the Risk Score to a 56, The Risk Level remains at *Medium*.

INFORMATION / TECHNOLOGY - Risk Score: 54

Information Technology in education environments has basic inherent risks due to the concentration of critical information being in an electronic format and the need to provide the proper security over this information. Technology is ever changing and so are its dangers. We believe that the system and all of the District's data is secure. Technology must be monitored closely and vigilantly at all times, for the safety of information, as well as the students using computers within the District.

Significant internal control changes made since the last risk assessment report:

- 1) Data back-up is now housed at the LHRIC (Lower Hudson Regional Information Center) and information can now be monitored 24 hours a day, 7 days a week.

White Plains City School District
Summary of Reviewed Areas

INFORMATION TECHNOLOGY (continued)

Observation and recommendation:

- 1) Observation: The District had a Risk Assessment performed on Cyber Security last year.

Recommendation: The District should continue to follow up on the recommendations of the risk assessment, which includes a penetration test, proactive drills, and updating backup plans for transportation, school lunch, and facilities offices. Additionally, updates to passwords should be done periodically as well as cross-training for all involved in the technology offices.

Current Assessment

Every year, the District's technology evolves as needed. The District has established a new program that will allow them to house their servers offsite at BOCES. Management believes the program will provide better support, monitoring, and reduce the District's costs. In addition, the Information Technology Department is working closely with Facilities and Operations on improving District security.

We noted strong controls over the District's information technology. The District has several safeguards in place to guard against loss of data. Due to its nature, it is nearly impossible for the risk level of this area to ever be at a low level. However, we felt the controls in place warranted a reduction in the Risk Score to a 54. The Risk Level remains at *Medium*.

FOOD SERVICE - Risk Score: 53

Many districts contract an outside vendor to administer the food service. The District maintains that the in-house service provides better quality of food and service while maintaining adequate fund balance within NYSED regulations. An intensive review of this area was recently performed in June 2019 and cited minor weaknesses in the internal controls. Those findings have since been addressed.

Observations and recommendations:

None

Current Assessment

The District continues to work hard to strengthen controls and processes where needed. Due to the controls in place, we reduced the Risk score to a 53, however the Risk Level remains *Medium*.

ACCOUNTING, REPORTING, AND BILLING- Risk Score: 54

This area includes all budget, accounting, financial reporting and cash management functions of the District. The factors affecting this area included strategic planning impact and materiality to the financial statements; internal control environment and documentation of internal controls.

Observations and recommendations:

None

ACCOUNTING, REPORTING, AND BILLING (continued)

White Plains City School District

Summary of Reviewed Areas

Current Assessment

The District continues to work hard to strengthen controls and processes where needed. With the inherent risk involved in this area, the Risk Score remains at a 54, and the Risk Level remains at *Medium*.

FACILITIES AND OPERATIONS - Risk Score: 53

This area includes facilities maintenance, ground maintenance, custodial, and facilities rental. The Director of Facilities oversees the District's buildings, grounds and facilities maintenance. The Director supervises a staff of approximately 84 people, (8 maintenance workers, 6 groundskeepers, 2 clerical, 58 cleaners, and 10 head custodians) as well as monitors construction and capital improvement projects.

Significant internal control changes made since the last risk assessment report:

- 1) The District has begun staggering the start and end shifts of its maintenance staff, so work that cannot be performed during school hours can be done after hours without incurring overtime.

Observations and recommendations:

- 1) Observation: We noted that the District is operating under an expired Intermunicipal Agreement for Joint Shared Services with the City of White Plains. The agreement expired June 2018. The District has developed a cost analysis of services provided. The analysis shows that the exchange of services is not equitable. The District has met several times with the City of White Plains Commissioner of Finance. However, to date there has been no progress on the renewal of this agreement.

Recommendation: We recommend that the District continue its efforts to obtain a new Intermunicipal Agreement with the City of White Plains.

- 2) Observation: We noted that the District does not engage in an annual physical inventory of its assets. The practice has been to do a physical inventory every five years, free of charge, through its insurance carrier. Although the District is providing the appropriate accounting disclosures, it is the responsibility of the Facilities Department to track movement of assets, as well as to maintain the current database of District owned assets. In addition, any assets purchased through Federal grants must be specifically identified and tracked.

Recommendation: The District should update its Board policy and regulations for preserving the assets of the District, as well as train personnel for tagging and maintaining the accounting database.

White Plains City School District

Summary of Reviewed Areas

Current Assessment

The District maintains strong controls and processes over Facilities and Operations. In addition, management continues to take a proactive approach in identifying potential weaknesses and processes to overcome them. The District is looking to hire more substitute workers save on the overtime expense of having their full-time employees cover shifts for those who are out of work (average seven to ten a day). Due to its nature, it is nearly impossible for the risk level of this area to ever be at a low level. We felt the controls in place warranted a reduction in the Risk Score to a 53. The risk level remains at *Medium*.

TRANSPORTATION - Risk Score: 47

The District uses a third party contracted vendor to provide transportation for District students.

Significant internal control changes made since the last risk assessment report:

- 1) The Transportation Department is now tracking bus monitors' attendance on approved routes.

Observations and recommendations:

None

Current Assessment

The majority of the transportation operation is the responsibility of the vendor. However, it is important the District effectively oversee the cycle to ensure it is operating efficiently and safely. The District has extended its third-party vendor for Student Transportation for a period of three years ending June 30, 2022. The District may want to consider performing an analysis to determine what their best options are with regards to pricing and efficiency once the newly extended contract is nearing completion. The Transportation Coordinator is fully committed and continues to look for ways to improve where needed. The Risk Score was reduced to a 47, and the Risk Level remains *Low*.

GOVERNMENT AID/GRANTS - Risk Score: 47

Observations and recommendations:

None

Current Assessment

The District had a New York State Education desk review of its 2017-18 Individuals with Disabilities Education Act (IDEA) grant program in April 2019. The District, along with most Districts across the state, was cited for not having detailed, specific written policies and procedures in accordance with the U.S. Department of Education's adoption in 2015 of amended Uniform Grant Guidance regulations. As a result of this desk review, the Assistant Superintendent for Business participated on a task force with the New York State School Board's Officials to develop a sample manual of policy and procedures, to be used as a template by school districts. The District is currently in the process of tailoring the procedures manual for White Plains School District. In accordance with the requirements of the desk review, the District will submit the manual as part of its corrective action plan to the New York State Education Department by November 30, 2019.

GOVERNMENT AID/GRANTS (continued)

White Plains City School District

Summary of Reviewed Areas

We found that the controls in place were similar to neighboring districts. We assessed this area with a Risk Score of 47 and a Risk Level of *Low* due to existing controls over government and grant expenditures.

STUDENT EXTRACLASSROOM ACTIVITIES - Risk Score: 47

The significant risk factors in this area are exchanging hands of cash, effectiveness of controls, internal control environment and documentation of internal controls. The Student Activities Coordinator resigned at the beginning of the school year and the District has recently filled the position.

Significant internal control changes made since the last risk assessment report:

None

Observations and recommendations:

None

Current Assessment

The District continues to implement recommendations made by External and Internal Auditors. There is a well-established protocol for functions relating to Student Activities. The Risk Score remains at 47 and a Risk Level of *Low*.