



Yonkers City School District

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

November 2018

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

The Board of Education
Yonkers City School District

We have performed the procedures enumerated below, which were agreed to by the Yonkers City 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 November 2017 Initial Risk Assessment by performing certain internal audit procedures pertaining to the time period starting November 1, 2017 through October 31, 2018. The updated Risk Assessment and related internal audit plan concentrates on the following key internal control areas:

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

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
April 23, 2019



Yonkers City School District

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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 twelve months ending October 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 in our assessment of the District which is summarized below:

#	<u>Business Process</u>	<u>Current Year Ratings</u>				<u>Recommendation(s)</u>	<u>Changes From Prior Year</u>	
		<u>Low</u>	<u>Moderate</u>	<u>High</u>	<u>Total</u>		<u>Category (*)</u>	<u>Count</u>
1	Governance & Planning	2	-	-	2	-	“High” to “Low”	- 0.00%
2	Budget Development	1	1	-	2	-	“High” to “Moderate”	- 0.00%
3	Accounting and Reporting	3	-	-	3	-	“Moderate” to “Low”	1 11.11%
4	Revenue & Cash Management	12	-	-	12	-	“Low” to “Moderate”	8 88.89%
5	Grants	5	-	-	5	-	“Moderate” to “High”	- 0.00%
6	Payroll	3	2	-	5	-	Total	9 100.00%
7	Human Resources	3	1	-	4	1		
8	Benefits	4	-	1	5	1		
9	Purchasing & Related Expenses	5	-	-	5	1		
10	Facilities/Capital Projects	4	-	-	4	-		
11	Fixed Assets	2	1	-	3	1		
12	Food Services	4	1	-	5	-		
13	Extracurricular Activity	-	4	-	4	1		
14	Information Systems	4	2	-	6	-		
15	Student Data Management	3	-	-	3	-		
16	Pupil Personnel Services	3	1	-	4	-		
17	Transportation	2	3	-	5	7		
18	Safety & Security	4	-	-	4	-		
19	Cyber Security	2	2	-	4	3		
	Total	66	18	1	85	15		
	<i>% of Total</i>	<i>77.65%</i>	<i>21.18%</i>	<i>1.18%</i>	<i>100.00%</i>			

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

- The District has completed or taken action on the thirteen (13) prior risk assessment report recommendations as follows:

	<u>Complete</u>	<u>In-Process</u>	<u>Not Started</u>	<u>Total</u>
Recommendations	3	7	3	13

We have summarized below our work plan as a result of this risk assessment:

<u>Cycle Reviews:</u>	<u>Other 2018/2019 Planned Internal Audit Services:</u>	
<ul style="list-style-type: none"> Assessment of Financial Reporting to the BOE Student Data Management Extracurricular Activity Fund 	<ul style="list-style-type: none"> Key Control/Other Testing (See “T” categories on Pages 5-6) External Audit Corrective Action Plan Monitoring Quarterly Internal Audit Status Reports 	<ul style="list-style-type: none"> Transportation Cycle Recommendations Follow-Up Annual Risk Assessment Update as of October 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
★ = Business Cycle Review Complete

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

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

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Risk Rating and Internal Audit Plan

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

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Inherent Risk - Inherent risk pertains to the overall school district industry. Inherent risk is the risk of a material misstatement may occur assuming the absence of internal controls.

Control Risk - Control risk pertains specifically to the Yonkers City School District. Control risk is the risk that a material misstatement will not be detected and corrected by Management's internal controls on a timely basis.

Risk Assessment Observations and Recommendations

Current Year Observations and Recommendations

Human Resources

1. Although all District employees are subject to annual evaluations of their performance, it was represented that the evaluations are not included in the employee's personnel file in a consistent manner.
 - *Employee evaluations are used as a tool by Administrators to identify employees' strengths and weaknesses, document personnel decisions (including promotions, layoffs and transfers), and to meet legal requirements. The District should continue its efforts to evaluate the employees on an annual basis to adhere to the respective employee bargaining unit agreement or contract. The District should include all employee evaluations in their respective employee personnel files.*

Benefits

2. We conducted key control testing in the area of benefit calculations and noted certain employee benefits files did not have the documentation such as marriage certificates, birth certificates, and social security cards, to support the employee's family health coverage. The lack of supporting documentation is a risk for the District as the Benefits Department may apply incorrect coverage and process inaccurate benefit payments.
 - *The Benefits Department should obtain documentation, including marriage certificates, birth certificates, and social security numbers from District employees to support their insurance coverage elections prior to transmitting any changes in benefits to the insurance carriers.*

Purchasing and Related Expenditures

3. We conducted key control testing in the area of employee reimbursements and noted a need for improvement in the policies and procedures in maintaining documentation supporting the employee's attendance at conferences.
 - *The District should consider updating its Policy 6830 – Employee Reimbursement to provide for employees to submit to the Accounts Payable Department certificates of attendance or other contemporaneous documentation supporting the employees' attendance at conferences. This will enhance the District's controls over employee reimbursements by ensuring that the required documentation is provided and reviewed prior to the payment processing.*

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Fixed Assets

4. We conducted key control testing in the area of fixed assets including tracing assets from the property ledger to their respective location and vouching assets from the building level to the District's property ledger. We also observed the District's annual fixed asset inventory process was conducted by its third-party consultant. Based on our analysis, we noted that certain fixed assets could not be located at the location reported on the District's property ledger. A similar observation was noted by the third-party consultant and that the District is in the process of reconciling the missing items.
 - *The District should continue its efforts to reconcile the property ledger to the third-party consultant inventory observations and document the circumstances which resulted in those items being marked missing. The District should assign an employee separate from the Information Technology Department (Inventory Control) to conduct walk-through observations and verify whether the fixed asset tags are properly affixed to newly acquired equipment. As an alternative Nawrocki Smith can perform this observation on behalf of the District. The observation function should be conducted on an annual basis during the month of March and the results should be documented and communicated to the Information Technology Department (Inventory Control). Any exceptions should be investigated and corrective action should be implemented in a timely manner.*

Extraclassroom Activity Fund

5. The audit report from the Inspector General indicates that there is a need for improved controls over the extraclassroom activity fund area including a need for awareness of Club Advisors to follow the required procedures and for Advisors to ensure students to utilize the standardized forms in a consistent manner indicating their involvement when the transactions are processed.
 - *The District should consider reviewing and updating, where needed, the District's extraclassroom activity training and guidance pertaining to the process of student involvement and attendance in fundraising, deposits, disbursements, sales tax, and accounting procedures.*

Transportation

6. The Transportation Department is in the process of developing documented guidelines pertaining to transportation planning, administering, purchasing, contracting, routing, and accounting and reporting of transportation services.
 - *The Transportation Department should continue its efforts in finalizing the documented guidelines pertaining to transportation planning, administering, purchasing, contracting, routing, and accounting and reporting of transportation services. The documented procedures should be reviewed and updated annually to maintain relevance and reflect regular changes in the Transportation Department. Nawrocki Smith provided the District with narratives in this regard that should serve as a supplement to the existing and draft transportation guidelines.*
7. It was represented that the Transportation Department does not obtain attendance schedules of students that are transported to/and from school districts or parentally placed schools to support the reported transportation services.

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- *The Transportation Department should develop a process along with Southern Westchester BOCES and parentally placed schools to obtain student attendance records to support the transportation services reported on the invoices submitted to the District for payment. This will assist the Transportation Department in verifying the accuracy of the reported services.*
8. We selected a random sample of bus drivers from the District's transportation bus companies and analyzed the contents of their DMV 19A files. Certain documentation was not maintained by the bus companies to support their compliance with the DMV bus driver 19A file requirements. In addition, the Transportation Department does not receive an annual update of bus driver listing or abstracts from the transportation vendors. The Transportation Department does not actively perform spot checks of the vendors' bus driver abstracts to ensure compliance with DMV 19A file requirements.
- *The Transportation Department should obtain confirmation from each vendor that all drivers currently transporting students are in compliance with 19A requirements. The Transportation Department should also request from its transportation vendors at the beginning of each school year updates of their bus driver listings and abstracts. The Transportation Department should also consider requesting from its transportation vendors complete copies of a sample of bus driver DMV 19A files and perform spot checks of their files to ensure compliance with DMV 19A requirements.*
9. We selected a random sample of bus monitors employed by the District during the fiscal year 2017/2018 and analyzed the contents of their employee files. Based upon our analysis, we noted that certain bus monitor documentation such as CPR certifications, pre-service training, refresher training and/or physical performance test forms were not maintained in a consistent manner by the Transportation Department.
- *The Transportation Department should maintain evidence of CPR, pre-service and refresher course training certifications, and physical performance evaluation results for all bus monitors on file. The Transportation Department should also maintain a bus monitor file checklist to review and verify the existence of the aforementioned documents.*
10. Bus monitors are required to maintain attendance records of students assigned to bus routes and provide these records to the Transportation Department. However, it was represented that the Transportation Department does not actively review the student attendance sheets to assess the bus or van occupancies.
- *The Transportation Department should develop a process whereby the transportation Bus Dispatchers or Safety Officers document bus student attendance three (3) times per year on a random sample of bus routes. The data collected should be analyzed to assess the necessity of bus routes, bus capacity, and applicable bus stops and for trends and planning needs.*
11. We selected a random sample of buses to assess whether the associated transportation bus companies utilized by the District complied with the New York State Education Department requirement to perform three (3) bus drills during the fiscal year 2017/2018. Based on our analysis, we noted that the Transportation Department did not maintain supporting documentation or annual certification reports indicating that the transportation vendors complied with this requirement.
- *According to the New York State Education Law Section 3623, the Transportation Department and the contracted bus companies should perform a minimum of three (3) drills to be held on each school bus during the school year, the first to be conducted during the first seven days of school, the second between November 1st and December 31st and the third between March 1st*

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and April 30th. These drills should not be conducted when buses are on routes. The Transportation Department should certify on the annual report to the State Education Department that the District has complied with this subdivision.

12. The latest red-light camera report applicable to the District indicating traffic violations or crashes occurring at intersections monitored by red light camera enforcement systems was obtained and reviewed by the City of Yonkers Inspector General during the calendar year 2016.
- *The Transportation Department should request and obtain the red-light camera reports on an annual basis from the City of Yonkers Police Department. This will assist the Transportation Department to review the traffic violations or crashes occurring at intersections from the bus companies. Based on the review results, the Transportation Department should assess corrective action plans in the bus route schedules or with the bus driver assignments.*

Cybersecurity

13. The Information Technology Department has not developed anti-encryption mechanism of emails.
- *The Information Technology Department should develop controls to encrypt and/or password protect information that flows in and out of the system through emails. Encryption provides another level of security for the data in case someone gains access to the email. Since the data is encrypted or password protected, the information may be inaccessible to unauthorized use.*
14. Although the District has a Board approved policy, the District has not developed a formal training regarding cybersecurity, phishing email, social engineering, protecting personally identifiable information, and social media guidelines and related risks 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 cybersecurity perspective, and the implications of a cybersecurity 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.*
15. We noted that the District does not actively monitor its network systems for intrusion vulnerabilities or other alerts in respect to the District’s network security configurations.
- *The Information Technology department should develop an intrusion detection system (IDS) to inspect all inbound and outbound network activity and identify suspicious patterns that may indicate a network or system attack from someone attempting to break into or compromise the District’s network. By reviewing the recorded activity and any potential intruders into the network, the Information Technology Department will be able to determine if the firewall or IDS settings will indicate potential attacks or other problems that need to be addressed.*

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Status of Prior Year Recommendations

We have performed follow-up internal audit services applicable to our previously issued risk assessment update report dated November 2017. The services we performed included observing and evaluating the implementation status of the District’s action plan in respect to our prior risk assessment recommendations. The November 2017 risk assessment update identified thirteen (13) recommendations within six (6) distinct areas. The District has completed or taken action on the thirteen (13) recommendations as follows:

<u>Business Process</u>	<u>Complete</u>	<u>In-Process</u>	<u>Not Started</u>	<u>Total</u>
Revenue and Cash Management	-	1	1	2
Food Service	-	-	1	1
Extraclassroom Activity Fund	-	-	1	1
Information Technology	1	2	-	3
Pupil Personnel Services	1	4	-	5
Transportation	1	-	-	1
Total	3	7	3	13

Revenue and Cash Management

- The District should consider remitting old unclaimed funds to New York State. Unclaimed property subject to Article V of the Abandoned Property Law includes amounts and securities due on an organization’s own debt and equity issues, municipal debt, and mutual funds. Section 1315 requires Organizations to report outstanding checks issued for goods or services and unclaimed amounts issued for services not rendered or goods not delivered. This covers unclaimed accounts payable and accounts receivable credits, underfunded overcharges, as well as gift cards. Section 1315 maintains a three-year dormancy period.

Status at November 2018: In-Process

- 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. The safe deposit log should be reconciled to the amount of cash on hand. This will assist in uncovering discrepancies between actual cash collected and recorded amounts in a timely manner.

Status at November 2018: Not Started

Food Service

- The District should consider having its Internal Auditors assess and document the controls over the snack sales generated from the building level fundraising events and its impact to the school lunch sales. This will allow the District to assess the current status of the school lunch sales and at the same time identify solutions for the school lunch program’s overall performance and self-sustainability.

Status at November 2018: Not Started

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Extraclassroom Activity Fund

- In accordance with Part 172.3(b) of the Regulations of the Commissioner of Education, The Extraclassroom Activity Fund Central Treasurers should submit to the Board of Education a financial report indicating the receipts, expenditures, and related balances in their custody on a quarterly basis, at a minimum.

Status at November 2018: Not Started

Information Systems

- The District should consider installing uninterrupted power supplies (UPS) to provide the District's servers with a backup source of power when normal utilities are not available and enable the servers to continue to be utilized and/or to be properly shut down.

Status at November 2018: Complete

- The Information Technology Department should develop a plan for off-site storage to allow for a restoration of data even if the original data or worksite is destroyed.

Status at November 2018: In-Process

- The Information Technology Department should conduct at a minimum annual restoration of a full backup of the District's servers to ensure the restoration process works as intended and that the District is able to recover data if needed. All restoration tests should be performed in a way and at a time that will not disrupt regular business operations and will truly mimic actual restoration procedures.

Status at November 2018: In-Process

Pupil Personnel Services

- The District should consider conducting an analysis of employee duties, current and projected, and determine the feasibility of adding resources to meet the District's Medicaid billing initiative to include nursing and psychological assessment and counseling services. The role of the Medicaid Compliance Officer in monitoring the District's Medicaid compliance program should be considered for enhancement to address key functions generated by a scaled-up billing program. Similarly, the adequacy of only one Finance Clerk in managing the Medicaid reimbursement claims and correction and re-submission of any rejections, should be determined. This analysis should assess how the additional staff can assist the District in optimizing the District's process and controls surrounding the submission of the required documents to support the services rendered and in creating efficiencies in monitoring claims that are not submitted to Medicaid due to the exceptions in data.

Status at November 2018: In-Process

- According to the District's Policy 6685 – Medicaid Compliance Program, all employees, contractors, or vendors involved with providing or obtaining reimbursement for medical services, supplies, or equipment from or on behalf of the District are responsible for submitting honest and accurate bills to Medicaid. The District should consider conducting an analysis by building to identify employees not participating in the compliance program. In the event the analysis identifies an employee not following

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policy, the District should consider following disciplinary procedures pursuant to the policy, if legally defensible. As an alternative to the above recommendation, the District should consider adopting an additional policy to address the disciplinary response of non-compliance.

Status at November 2018: Complete

- The District with the assistance from the vendor support group Frontline IEP should consider exploring the system capabilities in developing dashboards or exception reports specific to each service provider indicating the Medicaid and IEP compliance status of their student related services rendered prior to submitting a claim for Medicaid reimbursement. The Medicaid Compliance Committee should designate an individual to monitor the daily compliance reports and perform follow up procedures of any Medicaid non-compliance issues. The individual from the Special Education Department should communicate to the provider's Supervisor or Department Head any repeated non-compliance issues and develop a corrective action plan. The review results and corrective action plans should be reported monthly to the Medicaid Compliance Committee for monitoring purposes. The active monitoring of the Frontline Medicaid Direct Validation "error" reports will strengthen the District's controls over accountability and compliance with the Medicaid documentation requirements.

Status at November 2018: In-Process

- Based on state regulations and guidelines, the District should develop its own documented guidelines for each department regarding their roles, duties, and reporting requirements in respect to the District's Medicaid compliance.

Status at November 2018: In-Process

- The District and the City of Yonkers should consider consolidating the Medicaid compliance and reimbursement claims status reports and presenting them quarterly, at a minimum, to the Medicaid Compliance Committee, Board of Education, and City of Yonkers Commissioner of Finance. Furthermore, these status reports should include statistical information that derive from Medicaid Direct including but not limited to the following:
 - a) Medicaid Reimbursement Status Reports. These reports will assist in tracking reimbursement projections and progress by school year and optimizing claims for services provided within the billing window.
 - b) Validation and Service "Error" Reports. These reports will assist in reviewing validation "errors" for services within the billing window to determine if corrections are possible.
 - c) Denied / Rejected Detail Reports. These reports will assist in reviewing rejected/denied claims within the billing window to determine which claims may be resubmitted.

The active monitoring of the above reports by an assigned individual to be determined by the Medicaid Compliance Committee will strengthen the District's controls over accountability and compliance with the Medicaid documentation requirements.

Status at November 2018: In-Process

Transportation

Yonkers City School District
Annual Risk Assessment
November 2018

- The District's Internal Auditors are in the process of assessing the District's budget planning procedures and will continue with the surrounding controls in respect to overall financial and operational processes.

Status at November 2018: Complete

Exhibits

Exhibit I History of Internal Audit Reports Issued

Exhibit II Internal Audit Plan for 2018/2019

**Yonkers Public Schools
Internal Audit - Nawrocki Smith
History of Internal Audit Reports Issued
Exhibit I**

<u>Report Type</u>	<u>2009/2010</u>	<u>2014/2015</u>	<u>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>
<u>Cycle Reviews</u>					
Governance & Planning	-	-	-	-	-
Budget Development	-	-	-	-	-
Accounting and Reporting	-	-	-	-	-
Revenue & Cash Management	-	-	-	-	-
Grants	-	-	-	-	-
Payroll	-	-	-	-	-
Human Resources	-	X	-	√	-
Benefits	-	-	-	-	-
Purchasing & Related Expenditures	S	X	-	-	-
Facilities/Capital Projects	-	-	-	-	-
Fixed Assets	-	S	-	-	-
Food Services	-	-	-	-	-
Extraclassroom Activity	-	-	-	-	-
Information Systems	S	-	-	-	-
Student Data Management	-	-	-	-	-
Pupil Personnel Services	-	-	√	-	-
Transportation	-	X	-	-	√
Safety & Security	-	-	-	-	-
Cyber Security	-	-	-	-	-
<u>Other Additional Services</u>					
Benefit Calculations	-	-	-	√	-
Budget Development & Monitoring	-	-	√	-	-
Employee Reimbursements	-	-	-	√	-
Extraclassroom Activity Fund Packet	-	-	√	-	-
Disaster Recovery Plan Review	-	-	√	-	-
Risk Assessment	-	-	√	√	√

Notes

X: Prior Auditors
S: State Auditors



Yonkers Public Schools

2018/2019 INTERNAL AUDIT PLAN

**(Based upon November 2018 Risk Assessment Update)
Exhibit II**

Cycle Review

- Assessment of Financial Reporting to the Board
- Student Data Management

Status

**Fieldwork In-Process
Commencement TBD**

Key Control Testing

- Payroll Overtime
- Employee Attendance
- Safety & Security - Building Access and Security Systems
- Fixed Asset Inventory

Status

**Planned for May -19
Planned for May -19
Planned for May -19
Planned for May -19**

Additional Internal Audit Services

- Annual Risk Assessment Update as of November 2018
- Extraclassroom Activity Fund Training
- Vendor Database Analysis
- Building Level Cash Management Control Evaluation
- External Audit Corrective Action Plan Monitoring
- Annual Risk Assessment Update as of November 2019
- Transportation Cycle Recommendations Follow-Up
- Issue Quarterly Status Reports
- Other Internal Audit Services at the Request of the District

Status

**Draft Complete
Complete 01/23/19
Upon Request
Upon Request
Planned for Nov-19
Planned for Nov-19
Planned for Nov-19
Quarterly
As Requested**

Tentative On-Site Internal Audit Schedule

- May 6th through May 9th
- Week of May 20th or May 27th (To Be Determined)