



# Patchogue-Medford School District

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## Updated Risk Assessment For the 2017-2018 School Year

Issued: February 2018

February 2018

The Board of Education  
Patchogue-Medford Union Free School District  
241 South Ocean Avenue  
Patchogue, NY 11772



Board of Education:

We have been retained to function as the internal auditor for the Patchogue-Medford Union Free School District (hereinafter, "the District"). Our responsibility is to assess internal control systems within the District, and to make recommendations to improve upon possible control weaknesses or deficiencies. In doing so, we hope to provide assurance to the District's Board, management, and residents, that the fiscal operations of the District are being handled appropriately and effectively.

The first step of the internal audit process is to develop a detailed risk assessment of the operations, systems, and controls in place within the District. We performed such an assessment in the 2014-2015 school year, and issued our report dated September 2014 to the Board of Education, outlining our findings and those areas we believed additional testing should be focused on by the District. The purpose of this report is to update that risk assessment for the 2017-2018 fiscal year.

**Review of Staffing:**

As part of our annual risk assessment, we consider changes in key positions to be those within the Business Office as well as Assistant Superintendents and key Directors throughout the District. We noted the following changes:

- The District appointed James E. Richroath as the Director of Technology, effective July 1, 2017, replacing Craig Sperzel who resigned from the District. Mr. Richroath has extensive experience in information technology operations in education.
- Ms. Debra Smith was appointed as a principal clerk in the Human Resources department, effective July 1, 2017, replacing Gail Quinn who retired from the District. In addition, the District appointed Margaret Bona as a senior clerk typist in the Human Resources department, effective January 23, 2018, replacing Linda Socha, who took another position within the District.

The personnel changes noted above do not affect our assessment of risk in the District. If any additional staff changes occur during the school year, we will review the impact of such changes within the various departments of note and adjust our testing accordingly.

In addition, we interviewed business office staff to confirm that our understanding of the internal controls over various business functions and processes had remained consistent with our understanding as documented during our detailed risk assessment performed in the 2014-2015 school year.

**Review of Board Policies:**

The District continues to proactively review and assess current policies, and considers revising existing policies or implementing new policies to strengthen the internal control environment of the District. On an annual basis, the District presents selected policies for the Board to review. We noted that the District adopted policy #3801: Secure Data Destruction, which describes the guidelines for properly disposing technology equipment and components to ensure confidential or sensitive data stored on such equipment is appropriately deleted. If any additional policies are implemented or revised during the fiscal year, we will review those items to determine the impact on our risk assessment.

**Review of Changes in Information Technology Environment:**

The District continues to be proactive in installing firewall upgrades and addressing repairs as needed to ensure access security controls are up-to-date, and computer operations have minimal interruptions. We noted that the District recently upgraded the financial system software Finance Manager to nVision. As part of the internal audit process, this area was selected for testing. If any additional changes occur within the information technology environment, we will review those items and adjust our testing accordingly.

**Review of Management Letter:**

We have reviewed the management letter for the fiscal year 2017 from R. S. Abrams & Company, LLP, the District's external auditors to determine if any additional key items arose during the District's external audit that were not previously considered in our risk assessment. There were no management letter recommendations made during their review. Should we determine that our risk assessment needs to be revised based on future reviews, we will notify the Board of any changes in our audit plan.

**Review of Claims Auditor Reports:**

We have reviewed the claims audit reports prepared by the District's claims auditor. Based on our review of the claims auditor's findings, we have not identified any areas of risk that were not identified during our initial risk assessment. Should we determine that our risk assessment needs to be revised based on future reviews, we will notify the Board of any changes in our audit plan.

**Conclusion and Current Year Testing by Internal Audit:**

The potential risks outlined in our risk assessment report dated September 2014 continue to be areas of potential risk that the District should be aware of. Since our initial risk assessment, we have tested the areas with the highest level of risk in the District, and we have presented the results of our testing thus far to the Audit Committee. As such, the Audit Committee recommended reviewing:

- The internal controls within the Information Technology operations and access permissions within nVision,
- The internal controls surrounding the operations of the Human Resources department, and
- Compliance with the State's revised regulations regarding school session days.

Should additional areas arise during our testing that we feel should be reviewed, we will discuss the matter with the Audit Committee and Board. In addition to our audit testing,

we will follow-up on prior recommendations made to the Board. We continue to commend management for its proactive approach to internal controls within the District.

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We would like to thank the staff at the District for their cooperation and professionalism during our review.

We understand the fiduciary duty of the Board of Education, as well as the role of the internal auditor in ensuring that the proper control systems are in place and functioning consistently with the Board's policies and procedures. Should you have any questions regarding anything included in our report, please do not hesitate to contact us at (631) 582-1600.

Sincerely,

*Cerini & Associates LLP*

Cerini & Associates, LLP  
Internal Auditors