



Patchogue-Medford School District

Updated Risk Assessment

January 2017

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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 in place within the District, and to make recommendations to improve upon certain 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 2015 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 2016-2017 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 Ms. Adriane Brower as the claims auditor effective 7/12/16, replacing Mr. Frank Mazzie who resigned from the District. Ms. Brower was previously the deputy claims auditor and worked with Mr. Mazzie for several months to ensure the transition did not impact operations.
- Mr. Joey Cohen, Assistant Superintendent for Human Resources replaced Mr. Neil Katz who resigned from the District at the end of June 2016. Mr. Cohen was previously a principal at one of the elementary schools within the District and has experience in administration.
- Ms. Marjory Bernstein, Assistant Superintendent for Pupil Personnel, Special Services, Testing and Research retired at end of December. The District appointed MaryAnn Ambrosini to replace Ms. Bernstein. Ms. Ambrosini held a similar position in another school district.
- The District appointed director Paul Noonan as the Assistant Facilities Director. Mr. Noonan worked in a similar position at another school district.

The changes in staffing do not create additional risk. If any additional staff changes occur 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. No new policies with fiscal implications were created or amended by the Board of Education since our previous risk assessment. If any 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. In addition, the District reviews the current access permissions as well as evaluates current technologies on an ongoing basis to ensure access security controls are properly implemented and monitored. In the current year, the District has acquired new devices for staff and students funded by the Smart Schools Bond. This included new MacBook laptops for teachers, a new computer lab, and upgrading the network with new Cisco switches at the high school to improve performance and increase reliability. 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 2016 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 Areas to be Tested by Internal Audit:

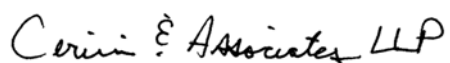
Based upon the procedures performed, the risks outlined during our risk assessment performed in the 2014-2105 school year have not significantly changed, and those areas of risk previously outlined should continue to be the focus of the District. Since that time, we have tested the areas with the highest level of risk in the District. We have presented the results of our audit testing for the 2014 - 2015 school year to the Audit Committee and have agreed to review the internal controls within the benefits operations for the 2016-2017school year. 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.

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,

A handwritten signature in cursive script that reads "Cerini & Associates LLP".

Cerini & Associates, LLP
Internal Auditors