

*FOLLOW UP TO PREVIOUS
REPORTS TO THE BOARD OF EDUCATION
OF*



**PATCHOGUE-MEDFORD SCHOOL DISTRICT
AS OF APRIL 2016**

April 2016

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"). This report covers the results of our follow up to previously issued reports to the Board of Education. It discusses the status of management's actions on the prior recommendations made in the original reports. The purpose of the follow-up is to verify that the District has implemented the agreed-upon corrective actions to strengthen the control environment. To accomplish this, we returned to the District to interview staff, perform limited tests, and to review new procedures that have been established.

This report contains the status of recommendations from our Initial Risk Assessment Report (issued September 2014), and our Report on Access Permissions (issued June 2015). The details of our original findings, as well as management's responses and the current status, are noted on subsequent pages of this report.

We would like to thank the District for its cooperation during our follow-up process. 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

Original Finding & Recommendation	Control Risk	Risk Level	Responsible Individual	Management's Response	Auditors' Evaluation & Status
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INITIAL RISK ASSESSMENT REPORT: ISSUED SEPTEMBER 2014

<p>PAYROLL/PERSONNEL: 1) The District is not currently using a Personnel Action Form to route authorized employee changes to the appropriate departments. Staff in payroll and attendance consult the Board agenda for certain approvals.</p> <p>Recommendation: We recommend that the District use a formal routing system, like a Personnel Action form, to communicate any employee status change to appropriate departments. While we recognize that information Board Action is necessary prior to any changes, notification and updates should be documented, routed, and signed to ensure that all departments have performed any applicable tasks. This is especially important when access permissions must be terminated.</p>	<p>This increases the risk of changes not being performed timely.</p>	<p>Low-Moderate</p>	<p>Assistant Superintendent (HR and Business)</p>	<p>The Assistant Superintendents for Human Resources and Business met jointly with their staffs to discuss an efficient and effective manner of implementing the recommendation. The following actions are scheduled to take place beginning in October:</p> <ul style="list-style-type: none"> - The Board agenda lay out will be changed. It will prospectively be categorized by professional and non-professional employees, and then by respective actions affecting said employees. - Personnel Action Sheets will be developed by group action and forwarded from the Human Resources Department to the Payroll Department for processing. The action sheets will be generated the day following the Business meeting of the Board of Education. 	<p>Status: We noted that the District modified the Board agenda spreadsheet to include details of the action items. The spreadsheet is then utilized by Payroll to make any changes.</p> <p>In addition, the District has an online Staff Technology Access Form that is electronically completed to indicate any changes in an employee's status. The form is then sent electronically to the staff in the technology department to perform the changes. The completed form is kept on the District's intranet.</p> <p>The District is exploring modifying the spreadsheet to include the sign-offs of the various individuals responsible for authorizing and ensuring the changes were performed.</p> <p>We will assess the progress with the implementation of the recommendation during our next evaluation period.</p>
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<p>BUDGET TRANSFERS: 2) Budget transfers that are performed follow procedures to have the request documented, approved by the Assistant Superintendent for Business, and performed by the Accounting Department. Transfers in excess of \$5,000 receive prior approval by the Board. However, budget transfers are not approved by the Superintendent of Schools as per the Commissioner's Regulations.</p> <p>Recommendation: We recommend that budget transfers be authorized and signed by the Superintendent of Schools. According to §170.2(1) of the Commissioner's Regulations, "Boards of education may, by resolution, authorize the chief school officer to make transfers within the limits as established by the board." This function is not delegable to another authority.</p>	<p>District is not in compliance with Regulations.</p>	<p>Moderate</p>	<p>Assistant Superintendent for Business</p>	<p>The Superintendent will approve all budget transfer requests after the request has been approved by the Assistant Superintendent for Business.</p>	<p>Status: We confirmed that the Superintendent is approving all budget transfer requests.</p> <p>This issue has been resolved.</p>
<p>MEDICAID: 3) Provider exclusion lists should be checked for anyone who provides a service that is submitted as a claim to Medicaid. During our discussions with the Office of Special Services, it was noted that exclusion lists have not been checked in several months.</p> <p>Recommendation: We recommend that a clerk in the Office of Special</p>	<p>The District may not be maximizing potential revenues.</p>	<p>Low-Moderate</p>		<p>The Assistant Superintendent for Pupil Services will ensure that the provider exclusion list is reviewed on a quarterly basis. The District's Medicaid Compliance Officer will verify that the exclusion list is reviewed quarterly.</p>	<p>Status: We confirmed that the District is reviewing the provider exclusion list on a quarterly basis.</p> <p>This issue has been resolved.</p>

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<p>Services set a schedule to review provider exclusion lists for those providing Medicaid reimbursable services. A suggested guideline from the New York State Office of the Medicaid Inspector General (OMIG) is to check the master list quarterly and check any new providers every 30 days. In addition, the OMIG's "30 day list" should be checked to see names added to the list. The OMIG suggests similar procedures for checking federal exclusion lists.</p>					

REPORT ON ACCESS PERMISSIONS - ISSUED JUNE 2015

<p>1) As some employees work in multiple areas within the District, those employees are assigned to various groups and can have varying access within the application. Therefore, it is very cumbersome to review and confirm if access permissions are set up properly.</p>	<p>Access to student information may not be appropriately restricted.</p>	<p>Moderate</p>	<p>Technology Department</p>	<p>The technology department continues to refine the groups and permissions of users within the eSchool Student Management System, as to ensure staff have appropriate permissions for their current roles. We have identified key areas to evaluate and have enacted a systematic approach to continue the permission review process, including the appropriate adjustment, creation or removal of role based groups.</p>	<p>Status: We noted that the technology department created a spreadsheet to assess the access to perform key functions within eSchool Data (e.g., the ability to change grades, transcripts, attendance, or demographic information). From this spreadsheet, the technology department then determined which employees should have access to perform such functions. This allowed the groups based on roles to be created.</p> <p>In addition, the technology department created an eSchool Permission Modification Request to formally document access requests and assess the appropriateness of the access.</p>
<p>Recommendation: The District is in the process of further defining access permissions by making access based on roles that are predetermined, rather than groups. We commend this effort and recommend that access within eSchool Data be role-based so that permissions can be</p>					

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readily reviewed and approved on a regular basis.					We will assess the progress with the implementation of the recommendation during our next evaluation period.