FOLLOW UP TO PREVIOUS

REPORTS TO THE BOARD OF EDUCATION

OF

PATCHOGUE-MEDFORD SCHOOL DISTRICT
AS OF MAY 2019

May 2019

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/or to review new procedures that have been established.

This report contains the status of recommendations from our Review of Human Resources and our Review of IT Environment and Access Permissions. The details of our original findings, as well as management's responses and the current status of our findings, 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

REVIEW OF HUMAN RESOURCES - ISSUED FEBRUARY 2018

Original Finding & Recommendation	Control Risk	Risk Level	Responsible Individual	Management's Response	Auditors' Evaluation & Status
Issue #1: We noted 1 instance where an employee who resigned from the District was still listed as HR active and Payroll active. In addition, we noted 1 instance where a resignation letter wasn't available in a personnel file for another employee who resigned. However, it should be noted that the employee's file contained a copy of the letter sent from the District to the employee acknowledging the resignation. **Recommendation:** We recommend that the District implement a Personnel Action Form (PAF) to document changes in employee status (i.e. terminations, resignations, retirement). The form should be generated by HR and forwarded to the appropriate departments such as payroll, attendance, technology, and benefits for sign-off. The completed PAF should then be returned to HR to ensure appropriate actions were taken in a timely manner. Lastly, HR should continue to obtain and maintain resignation letters in the personnel files, as applicable.	Necessary changes can go unnoticed and/or terminated employees may continue to receive payroll from and/or benefits from the District.	Moderate-High	Human Resources	*Human Resources utilizes the personnel agenda to communicate changes to payroll and other relevant departments. In an effort to provide redundancy, Human Resources will look to implement a Personnel Action Form (PAF). We will investigate the different formats and look to effectuate a process that includes a sign-off in the next 3-6 months.*	**Current Year Status:** We selected 10 terminated employees (5 resignations, 2 terminations, and 1 retirement) to determine whether a PAF was completed, the employee's status in nVision was appropriate, and a resignation letter was obtained, if applicable. We noted a resignation letter was obtained for all resigned employees. However, we noted one employee that had separated from the District, but is still listed as active in nVision. Furthermore, we noted there were 3 employees whose termination reason has not been updated in nVision, but who have been properly inactivated in the system. The District is working to update the system. Lastly, we noted that the District has implemented a PAF; however, we noted inconsistencies in the use of the PAF. **The recommendation is partially implemented. We will continue to monitor this issue.**
Issue #2: HR does not have a formal process to capture and communicate the information regarding new hires or other changes that occur during employment (i.e. position, location, salary). During	Changes can go unnoticed and/or not communicated to the proper	Moderate	Human Resources	*Human Resources uses the personnel agenda as the formal process to communicate changes to payroll. As noted above, Human Resources uses the personnel agenda as the primary*	**Current Year Status:** We selected 10 newly hired employees to determine whether a PAF was completed and 10 employees who had other changes

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testing, we noted: • 1 instance in which an employee's effective date per the Board Agenda did not agree to the effective date noted in nVision. We confirmed this employee did not work during the period between the two dates. • 1 instance in which an employee's pay rate was not updated timely. • 1 instance in which the incorrect employee information (i.e. name, position title) was displayed in the Board Agenda. It should be noted that the error was caught, the Board Action was rescinded, and the correct employee was paid. **Recommendation:** We recommend the District implement a PAF, as noted in the recommendation for Issue 1, to document changes in employee status (i.e. position, location, and/or salary changes).	departments in a timely manner which can result in overpayments/underpayments being made to employees.			*source of communicating changes in status to the various departments. As noted in the auditor's recommendation, we will look to develop and implement a Personnel Action Form (PAF) to sort and categorize changes to the various departments with a sign-off to ensure completion.*	in employee status to determine whether a PAF was completed and whether the change was reflected timely in nVision. We noted no exceptions with regard to the information reflected in nVision; however, we noted inconsistencies in the use of the PAF. **The recommendation is partially implemented. We will continue to monitor this issue.**
Issue #3: During our review, we noted that the District's current procedure is to designate a substitute's termination status as "Inactive" on the Board Agenda when the substitute does not respond to the reasonable assurance letter, or when an employee hasn't worked in the District for over a year even if the employee responded to the reasonable assurance letter requesting to be included on the substitute list. In addition, we noted that the substitute's termination status is not listed in nVision.	Substitute employee's termination status is not correctly documented in nVision.	Moderate	Human Resources	*Human Resources will refrain from using the status inactive and utilize either resignation or termination terminology when it comes to staff changes regarding the notice of assurance.*	**Current Year Status:** We selected 10 terminated substitutes to determine whether the employee's status in nVision was appropriate. We noted 4 employees whose termination reason was inaccurate. The District is working to correct this issue. **The recommendation is partially implemented. We will continue to monitor this issue.**

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Recommendation: We recommend that the HR department discontinue the use of the term "Inactive" as a termination status on the Board Agendas and instead use the term "Resigned" and "Terminated." In addition, the terminations statuses noted in the Board Agenda should be reflected in nVision.					

REVIEW OF IT ENVIRONMENT AND ACCESS PERMISSIONS - ISSUED DECEMBER 2017

Original Finding & Recommendation	Control Risk	Risk Level	Responsible Individual	Management's Response	Auditors' Evaluation & Status
Issue #1: We noted that the District does not have a computer policy for the protection of personal, private and sensitive information (PPSI). This policy, which is recommended by the State Comptroller's office, should: define personal, private, and sensitive information (PPSI); explain the entity's reasons for collecting PPSI; and describe specific procedures for the use, access to, storage, and disposal of PPSI involved in normal business activities. **Recommendation:** We recommend that the District adopt a policy regarding the protection of personal, private, and sensitive information (PPSI). In addition, we recommend that the District finalize and adopt the policy on data destruction.	The District's technology environment is not adequately safeguarded.	Low-Moderate	IT	*The data destruction policy has been board approved. The Administrator of Technology will develop a policy regarding PPSI and review with the Assistant Superintendent for Business. Once reviewed, the Assistant Superintendent for Business will recommend to Board for adoption.*	**Current Year Status:** The District has implemented policy #3802 - Technology Security for Personal Private and Sensitive Information **This issue has been resolved.**
Issue #2: We noted where internal controls over network passwords needs to be strengthened. Due to the sensitive nature of this information, specific vulnerabilities are not discussed in this		Moderate-High	IT	*The District acknowledges that network password controls can be improved and has developed a network access security controls policy. Once reviewed by the*	**Current Year Status:** The District requires passwords to be changed 2 times per year and has implemented policy #3803 Computer Password Policy, which

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report but have been communicated to District officials so they can take corrective action. **Recommendation:** We recommend that the District continue to address the need to strengthen the network access security controls.				*Assistant Superintendent for Business it will be recommended to the Board for approval*	outlines password complexity guidelines. **This issue has been resolved.**
Issue #3: We utilized a student user account and a staff user account provided by the District to assess what websites were blocked by the web filter. We noted that the application used to filter internet access is outdated and does not permit the District to be fully compliant with CIPA's access restrictions. **Recommendation:** We recommend that the District implement software protocols to ensure that access to the internet is appropriately restricted.	Internet access by staff and students is not in compliance with the District's acceptable use policy as well as CIPA.	High	IT	*The District recognizes the urgency of addressing this issue and is taking proactive measures to replace the antiquated firewall as soon as possible, but no later than September 2018.*	**Current Year Status:** The District has replaced the network firewall and we reviewed the list of filtered categories. We will continue to monitor the adequacy of web filtering. **This issue has been resolved.**
Issue #4: Users (i.e. staff, teachers, and students) are not provided with formal education on cybersecurity protocols. Such training can include implementing publications on the District's website, providing email notifications of issues and potential threats, providing classes for staff and students on proper internet access and searching , and providing education to both students and staff on internet use and safety protocols. **Recommendation:** We recommend that the District ensure all users, including	There is an increased risk of unauthorized access and/or viruses.	Moderate	IT	*The District will require all employees with computer access to review a mandated electronic video relating to internet usages and protocols. Technology staff will reinforce protocols with teachers responsible for technology instruction to students.*	**Current Year Status:** New staff are required to watch cybersecurity training videos addressing topics such as passwords and phishing. This training is required for all users annually. Additionally, students now have cybersecurity included throughout their curriculum. **This issue has been resolved.**

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teachers, staff and students, are provided with education and training on internet usage to reduce the risk of unauthorized access and/or viruses.					
Issue #5: The District has assigned system administrator capabilities to the Accounting Supervisor temporarily to ensure the system is correctly processing financial information. **Recommendation:** We recommend that access permissions be reviewed at least annually to ensure proper segregation of duties, particularly the assignment of system administrator capabilities. In addition, financial software audit logs and change reports should be routinely reviewed to monitor user activity and compliance with computer use policies.	Users with administrative access rights can create, delete and modify user accounts and access rights, and increase the risk of unauthorized changes to be made to the accounting records and financial software security settings.	High	IT	*Changes to permissions will be authorized by the Assistant Superintendent for Business and changes inputted by the Network and Systems Specialist One. In addition, the Internal Claims Auditor, in connection with the Assistant Superintendent for Business will review system activity on a quarterly basis. Furthermore, financial software and change reports will be reviewed on a monthly basis. Access permissions will be reviewed annually. The District will provide reports to the Board in accordance with the timeframes indicated above. Any concerns will promptly be addressed and reported to the Superintendent and Board of Education.*	**Current Year Status:** Access permissions are reviewed annually, and admin user logs are available for review. **This issue has been resolved.**