

PLAINEDGE UNION FREE SCHOOL DISTRICT
Risk Assessment Update Report
For the Period Ending May 31, 2025



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Board of Education
Plainedge Union Free School District
241 Wyngate Drive
Plainedge, New York 11758

We have completed our risk assessment update of the Plainedge Union Free School District (the “District”) for the period July 1 2024 through May 31, 2025. The objectives of the engagement were to assist the Board of Education (the “Board”) in ensuring that the District’s risks are identified and that appropriate internal controls are in place to mitigate those risks.

In developing our risk assessment, we have performed the following procedures:

- Gained an understanding of the internal controls for the following key business processes through inquiry and observation:
 - Governance and Planning
 - Accounting and Reporting
 - Revenue and Cash Management
 - Purchasing and Related Expenditures
 - Payroll, Human Resources, and Benefits
 - Facilities, Capital Projects, and Capital Assets
 - Student Services
 - Student Related Data and Services
 - Information Technology
- Identified risks that could inhibit the District in achieving its goals;
- Reviewed Board policies to determine if all legally required policies have been adopted and reflect current fiscal operations of the District;
- Evaluated the design and effectiveness of controls and performed tests of controls to verify controls are working as intended; and
- Identified key areas or opportunities that can strengthen the existing internal control structure.

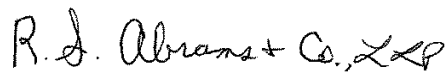
It is ultimately the District’s responsibility to review and assess the internal control structure to address the adequacy of the risk management system.

In performing our engagement, we relied on the accuracy and reliability of information provided by District personnel. We have not audited, examined, or reviewed the information, and express no assurance on it.

We would like to acknowledge the courtesy and assistance extended to us by personnel of the District. We are available to discuss this report with the Board or others within the District at your convenience.

This report is intended solely for the information and use of the Board, the Audit Committee, and management of the District, and is not intended to be and should not be used by anyone other than those specified parties.

Very truly yours,

A handwritten signature in black ink that reads "R.S. Abrams & Co., LLP". The signature is written in a cursive, flowing style.

R.S. Abrams & Co., LLP
June 2, 2025

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Executive Summary

This report serves to address the first requirement of Chapter 263 of the laws of New York, 2005, to establish an internal audit function. The internal audit function requirement includes the engagement of a qualified audit firm or individual to assess risk surrounding the design and effectiveness of the District's internal control system, provide annual updates to the initial risk assessment, and test the design and operating effectiveness of these controls on a periodic basis.

This risk assessment is intended to provide management with information to enhance and strengthen the District's internal controls and to reduce the District's risks relating to their financial processing and reporting operations.

We determined the status for the current year's risk assessment update through various methods, including but not limited to; inquiry of appropriate District personnel, observations and walkthroughs of controls in place, and testing key controls where deemed necessary to determine if the internal controls are operating as intended as detailed further in this report.

Additionally, we have reviewed the results of the reports issued by our firm during the fiscal year ended June 30, 2024 on Governance & Planning and Student Related Data & Services, as well as the Risk Assessment Update to determine if relevant controls have been put in place based on the report.

- **Inherent Risk** - the risk associated with the nature and type of transactions processed due to complexity, materiality, and quantity of the transactions outside of the District's internal control structure.
- **Control Risk** – the risk that the internal control system is not adequately designed to prevent or detect errors or irregularities on a timely basis.

We reviewed the processes noted in our Risk Assessment Letter and have assigned the business processes the following ratings:

- **High Risk (H)** – We identified areas where we believe the internal control system is not effective in preventing or detecting risks associated with the District's operations and require immediate attention from the Board and management.
- **Moderate Risk (M)** – We identified areas where we believe an internal control system exists but may not be fully effective in preventing or detecting risks. The District should review our recommendations and consider the need to implement these recommendations.
- **Low-Risk (L)** – We believe the internal control system is adequately designed and operating as intended. We have also included our recommendations in the procedures performed, observations, and recommendations section of this report where we believe opportunities exist to further strengthen the internal control system.

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The assigned control risk ratings listed are based on our risk procedures performed and are subject to change based on future risk assessment or extensive system reviews performed.

Process Review Summary and Proposed Business Processes

The following represents the business processes where we have provided internal audit services and the business processes we are proposing for the fiscal year ending June 30, 2026:

Extensive System Reviews Completed:

Fiscal Year Ending June 30, 2025:

- Extraclassroom Activities
- Facilities and Capital Projects

Fiscal Year Ending June 30, 2024:

- Governance & Planning
- Student Related Data & Services

Fiscal Year Ending June 30, 2023:

- Payroll
- Human Resource

Fiscal Year Ending June 30, 2022:

- Cash Management
- Information Technology

Fiscal Year Ending June 30, 2021:

- Transportation Services
- Food Service Operations

Fiscal Year Ending June 30, 2020:

- Grants
- Medical Benefits & Retiree Health Insurance

Fiscal Year Ending June 30, 2019:

- Payroll
- Purchasing and Related Expenditures

Fiscal Year Ending June 30, 2018:

- Extraclassroom Activity Fund
- System to Track and Account for Children Procedures (“STAC”)

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Fiscal Year Ending June 30, 2017:

- Cash Management
- Information Technology

Fiscal Year Ending June 30, 2016:

- Fund Balance Management
- Revenue and Billings – Tuition and Health Services

Fiscal Year Ending June 30, 2015:

- Facilities and Capital Projects
- Student Related Data and Services

Fiscal Year Ending June 30, 2014:

- Human Resources
- Capital Assets

Fiscal Year Ending June 30, 2013:

- Cash Management
- Medical Benefits and Retiree Health Insurance

Fiscal Year Ending June 30, 2012:

- Food Service Operations
- Payroll

Fiscal Year Ending June 30, 2011:

- Cash Receipts
- Grants

Fiscal Year Ending June 30, 2010:

- Information Technology
- Procurement and Related Expenditures

Fiscal Year Ending June 30, 2009:

- Extraclassroom Activity Fund

Extensive Systems Proposed:

Fiscal Year Ending June 30, 2026:

- Capital Assets
- Purchasing and Related Expenditures

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Assessment of Risk and Testing Plan For the Period Ending May 31, 2025

BUSINESS PROCESSES AND SUBPROCESSES	Control Risk		Audit Plan		
GOVERNANCE AND PLANNING	2024	2025	2024	2025	2026
Governance and Control Environment	L	L	✓	•	
Strategic Planning	L	L	✓	•	
Budget Development and Budget Administration	L	L	✓	•	
ACCOUNTING AND REPORTING	2024	2025	2024	2025	2026
Assessing Financial Condition	L	L		•	
Financial Accounting and Reporting	L	L		•	
Auditing	L	L		•	
State Aid and Grants	L	L	•	•	
REVENUE AND CASH MANAGEMENT	2024	2025	2024	2025	2026
Revenue, Billings, and Receipts	L	L			
Cash and Investment Management	L	L	•		
PURCHASING AND RELATED EXPENDITURES	2024	2025	2024	2025	2026
Purchasing	L	L		•	■
Accounts Payable and Cash Disbursements	L	L		•	■
Travel and Conferences	L	L		•	■
PAYROLL, HUMAN RESOURCES, AND BENEFITS	2024	2025	2024	2025	2026
Payroll Processing and Related Expenditures	L	L		•	
Human Resources	L	L		•	
Benefits	L	L	•	•	
FACILITIES, CAPITAL PROJECTS, AND CAPITAL ASSETS	2024	2025	2024	2025	2026
Facilities Maintenance	L	M	•	✓	
Capital Projects	L	L	•	✓	
Capital Assets	L	L	•		■
STUDENT SERVICES	2024	2025	2024	2025	2026
Student Transportation	L	L	•		
Food Service	L	L	•		
Extraclassroom Activities	L	L	•	✓	
STUDENT RELATED DATA AND SERVICES	2024	2025	2024	2025	2026
Student Attendance	L	L	✓		
Reliability of Student Performance Data	L	L	✓		
Student Security and Safety	L	L	✓		
INFORMATION TECHNOLOGY	2024	2025	2024	2025	2026
Policies and Governance	L	L	•		
Data Backup and Recovery Processes	L	L	•		
Data Security and Cybersecurity Risks	L	L	•		
Legend					
✓ = Extensive system process review completed					
• = Risk process evaluated					
■ = Proposed extensive process review					
<i>H = High M = Moderate L = Low</i>					

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PROCEDURES PERFORMED, OBSERVATIONS, AND RECOMMENDATIONS

GOVERNANCE AND PLANNING

Procedures Performed: We have performed the following procedures for our risk assessment update:

- Interviewed key personnel involved in the governance and planning processes.
- Reviewed published Board policies and procedures on the District's website and verified the District has adopted all legally required Board policies per the New York State School Boards Association (NYSSBA).
- Verified Board members and key business office staff routinely attend training programs to ensure they understand their duties and responsibilities with the data provided to them.
- Examined Treasurer's Reports provided to the Board for March 2025 and verified reports include the following reports: Treasurer's reports with all bank balances and reconciled cash balances, trial balances, and revenue and appropriation status reports for all funds.
- Verified the District has a written strategic plan that includes mission and vision statement, goals and objectives, and performance measures. We also verified this plan is available publicly on the District's website.
- Reviewed the District's accounting information system (AIS) permissions to ensure only employees who are authorized to record or approve budget transfers have the appropriate permissions.
- Reviewed the District's budget development and administration process to ensure it follows required policies and regulations. This included confirming the presence of formal budgeting policies, written objectives, and procedures for budget preparation, transfers, and amendments. Assessed whether the proposed budget clearly communicates financial plans and priorities to the public and whether budget transfers comply with legal requirements.
- Sampled five (5) budget transfers made during the year to ensure budget transfers are performed in accordance with written policies and procedures, adequate supporting documentation is retained for all transfers, and each budget transfer went through at least two levels of approval.

Observation #1: The District is missing the following legally required policy:

- Although the District addresses Education Law §4402(9) in Policy #7640, *Student Individualized Education Program (IEP): Development and Provision*, focusing only on students with disabilities, it does not address 8 NYCRR §19.5 which extends the Timeout and Physical Restraint policy to all students.

Recommendation #1: We recommend the District adopt all legally required policies, including the policy mentioned above.

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Furthermore, it is noted that the above observation did not warrant a control risk higher than low for the governance and planning process. As such, our control risk rating remains at Low.

Updated Control Risk Ratings:

Governance and Control Environment (L)

Strategic Planning (L)

Budget Development and Budget Administration (L)

ACCOUNTING AND REPORTING

Procedures Performed:

- Interviewed key personnel involved in the accounting and reporting processes.
- Verified the District has adequate policies and procedures in place to monitor and track state aid and grants.
- Verified the District has all required policies in accordance with Uniform Guidance.
- Reviewed federal grant allocation reports to ensure the District is utilizing grant funding appropriately.
- Developed an understanding of the accounting information system used by the District and verified the integrity of the financial information.
- Verified external audit reports are published on District's website.
- Verified the District's internal claims auditor was Board appointed and properly documented in the reorganization minutes.
- Reviewed accounting information system user permissions to ensure only employees who are authorized to record journal entries have the appropriate permissions.
- Reviewed general fund reserves to ensure all reserves are allowable under applicable laws and regulations, and that reserve fund levels appeared reasonable and accurate.
- Reviewed the District's last three fiscal year's financial statements to verify the following:
 - The District's general fund has a current ratio of 2 to 1 or better for the respective fiscal year.
 - The District's general fund ended each year with an operating surplus.
 - The District's general fund has been maintaining a positive and increasing fund balance.
 - The District's general fund unassigned fund balance did not exceed 4% of the subsequent year's budget, in accordance with New York State Real Property Tax Law 1310.
- Sampled five (5) journal entries made during the year to ensure all journal entries are supported by adequate documentation that details the amount, accounts, purpose, and supervisory approval.

Observations: No exceptions were noted.

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Recommendation: No recommendations were noted.

Updated Control Risk Ratings:

Assessing Financial Condition (L)
Financial Accounting and Reporting (L)
Auditing (L)
State Aid and Grants (L)

PURCHASING AND RELATED EXPENDITURES
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Procedures Performed: We have performed the following procedures for our risk assessment update:

- Interviewed key personnel involved in the purchasing and related expenditures processes.
- Verified the District has policies surrounding conferences and travel and meal expenditures. We also verified the District has elected to use the Internal Revenue Service rate for mileage reimbursement.
- Verified the District's purchasing policy addresses bidding requirements and procedures to follow when competitive bidding is not required, such as for (aggregate) purchases of professional services less than \$20,000 or public works contracts less than \$35,000.
- Reviewed accounting information system user permissions to ensure only employees who are authorized to convert purchase requisitions and enter invoice information into the accounting system have the appropriate permissions.
- Sampled five (5) cash disbursements during the year to ensure purchase requisitions were approved and converted into purchase orders by the Purchasing Agent, the District followed the quotation/bidding process outlined in the purchasing policy, adequate supporting documentation (such as invoices, receiving reports, contracts) were retained, and verified all disbursements were approved by the internal claims auditor.
- Sampled five (5) travel and conference expenditures during the year to ensure travel requests were prepared and approved, and that the District's purchasing policies were adhered to.

Observation: No exceptions were noted.

Recommendation: No recommendations were noted.

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Updated Control Risk Rating:

Purchasing (L)

Accounts Payable and Cash Disbursements (L)

Travel and Conferences (L)

FACILITIES AND CAPITAL PROJECTS
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Procedures Performed: We have performed the following procedures to develop our updated control risk rating:

- Interviewed key personnel responsible for facilities management and capital projects to assess internal controls and operational procedures.
- Reviewed relevant policies, procedures, and documentation related to capital planning, project management, and asset maintenance.
- Determined whether the District has a five-year facility plan and verified the plans are updated annually.
- Obtained an understanding of the District's preventative maintenance program, including maintenance logs documenting completed work and outstanding issues.
- Evaluated the District's policies and procedures for managing capital projects, including:
 - Determination of construction costs.
 - Approval and tracking of change orders.
 - Processes for project completion and final approval.
- Sampled ten (10) expenditures coded to a .400 expenditure code to determine:
 - If repair and maintenance costs above \$5,000 are capitalizable,
 - Verify capitalizable expenditures are recorded in the District's asset or inventory records.
 - Ensure building improvement expenditures are not incorrectly recorded as repairs and maintenance.

Observation #2: We noted that the District does not have formal procedures in place to document status updates or provide reasons for delays on work orders that remain outstanding for extended periods. During our review of the work order system, we identified eight (8) medium-priority work orders that had been open for over 90 days without documented justification and should have been closed in the system as they had already been completed. We note that the District has since closed the aforementioned outstanding work orders in the CMMS, *School Dude* work order system.

Recommendation #2: We recommend that the District establish an internal policy outlining expected completion timelines for work orders based on their assigned priority level. This policy should promote accountability by requiring regular status updates and justifications for delays. Additionally, we suggest implementing a transparent tracking system that is accessible not only to

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the facilities department personnel but also to other stakeholders, including those submitting work order requests. This will enhance communication, improve oversight, and ensure timely resolution of work orders.

Updated Control Risk Ratings:

Facilities Maintenance (M)

Capital Projects (L)

PAYROLL, HUMAN RESOURCES, AND BENEFITS

Procedures Performed:

- Interviewed key personnel involved in the payroll, human resources, and benefits processes.
- Obtained an understanding of the controls surrounding new hires, payroll processing and benefit deductions.
- Verified each payroll register is certified by the District Superintendent or designee.
- Verified the District has an employee handbook and verified the handbook is updated annually.
- Verified non-emergency overtime requires the supervisor's pre-approval.
- Sampled five (5) new hires during the year to ensure the District obtained all documents such as fingerprint clearance and benefit elections. We reviewed employee benefit elections and verified elections were properly reflected in the check register, and verified each employee was paid based on the Board approved rate.
- Sampled five (5) District non-contractual employees to ensure the employee's hourly rate agreed to the contract and/or Board approved rate, timesheet agreed to the payroll register and was reviewed by the employee's supervisor.
- Sampled five (5) District contractual employees to ensure the employee's pay agreed to the applicable contract.
- Sampled five (5) District employees receiving overtime payments to verify rates were properly calculated, overtime hours worked were approved including pre-approval, timesheets were calculated accurately, and reason for overtime was listed.

Updated Control Risk Ratings:

Payroll Processing and Related Expenditures (L)

Human Resources (L)

Benefits (L)

Observation: No exceptions were noted.

Recommendation: No recommendations were noted.

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STUDENT SERVICES - EXTRACLASSROOM ACTIVITIES

Procedures Performed: We have performed the following procedures to develop our updated control risk rating:

- Conducted inquiries with District personnel to gain an understanding of the processes and controls related to extraclassroom activities.
- Reviewed District policies and procedures governing extraclassroom cash receipts and disbursements, club charters, and bank reconciliation processes to ensure alignment with regulatory requirements and best practices.
- Evaluated the design and effectiveness of internal controls over extraclassroom cash receipts and disbursements, including segregation of duties, authorization, documentation, supervision, and reconciliation procedures. Ensured clear guidelines were established for the collection, handling, recording, and depositing of funds.
- Sampled forty (40) extraclassroom cash receipts and forty (40) disbursements recorded from July 1, 2023 through February 28, 2025 to evaluate supporting documentation, including cash register tapes, receipt books, deposit slips, bank statements, invoices, and authorization forms. Verified that all documentation was complete, accurate, and maintained in compliance with recordkeeping requirements.
- Reviewed ten (10) extraclassroom activity club charters (five (5) from the High School and five (5) from the Middle School) to verify the existence of signed charters or constitutions with appropriate approvals, including Board authorization. Ensured compliance with District requirements and proper governance of club operations.
- Gained an understanding of the bank reconciliation process, including timelines, assigned responsibilities, and required supporting documentation.
- Reviewed documentation related to extraclassroom bank reconciliations, including bank statements, reconciliation reports, supporting schedules, and adjustment records. Investigated discrepancies, determined root causes, and verified that corrective actions were implemented to resolve issues and prevent recurrence.
- Sampled four (4) monthly bank reconciliations performed during the year to verify that all required documentation is complete, accurate, and maintained on file.
- Evaluated the list of established clubs to ensure that only appropriate clubs are active.
- Reviewed club balances for the last three fiscal years to verify that the District is properly transferring remaining balances from clubs with no financial activity for an extended period.
- Verified the District is filing sales tax returns quarterly.

Observation #3: We noted that one (1) out of forty (40) extraclassroom cash disbursements tested did not include an itemized receipt to substantiate the reimbursement amount.

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Recommendation #3: We recommend that all reimbursement requests be supported by evidence of all supporting documentation (e.g., itemized receipts and payment order forms), should be attached to the reimbursement request submitted to the central treasurer.

Furthermore, it is noted that the above observation did not warrant a control risk higher than low for the student services – extraclassroom activities process. As such, our control risk rating remains at Low.

Updated Control Risk Rating:

Extraclassroom Activities (L)

Status of Prior Year Observations:

Student Related Data and Services

Observation: One out of five buildings did not complete the eight required evacuation drills in the 2022-2023 year and the schedule for the 2023-2024 year was going to be short as well. We noted Plainedge Middle School was now scheduled to meet the eight required evacuation drills in the 2023-2024 year. We recommended the District implement controls to ensure that all required drills are conducted during the year, as well as done at the required increments, in accordance with Education law § 807. This should be inclusive of the eight evacuation school drills at any District building.

Status: *Implemented. The District completed all of the required dills during the 2023-2024 and the 2024-2025 school years.*

Observation: We noted the District did not adopt the legally required policy School Safety and Educational Climate (SSEC) Reporting required by 8 NYCRR §100.2(gg)(5). We noted the District did complete the required *SSEC Summary Data Collection* forms to ensure the District has a system in place to track and report information about violent and disruptive behavior to NYSED. We recommended the District adopt the legally required policy required by 8 NYCRR §100.2(gg)(5).

Status: *Implemented. We noted the Board adopted policy no. 5170, School Safety and Educational Climate Reporting on May 7, 2024.*