ACCUME
P A R T N E R S

Katonah - Lewisboro School District

Risk Assessment FY 2014/2015
& Recommended Audit Plan
April 2015

April 28, 2015

Ms. Marjorie Schiff
President of the Board of Education
Katonah-Lewisboro Union Free School District
P.O. Box 387
Katonah, NY 10536

Dear Ms. Schiff:

We have recently completed our risk assessment update for the Katonah-Lewisboro Union Free School District (the "District") on behalf of the Board of Education and Audit Committee. Our risk assessment of District operations identified and prioritized risks in accordance with New York's Chapter 263 of the Laws of 2005.

In our risk assessment update, we re-evaluated the major functional areas of District operations to determine if there were any significant changes that would impact the risk evaluation from the previous fiscal year. Based upon the results of this current fiscal year risk assessment, we have updated our proposed risk-based audit plan that is attached to this report for your review and consideration.   Our risk assessment update and corresponding recommended audit plan identifies the following area as a candidate for audit:

- Student Services – ExtraClassroom Activity Funds

A summary for each functional area reviewed and related risk rating is in the attached risk assessment update report. We met with the Audit Committee on April 27th to discuss the report and the recommended internal audit plan. We are available to meet with the Board at its convenience.

We appreciate the cooperation and assistance provided by District staff.

Very truly yours,

Accume Partners

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Accume Partners Risk Assessment Approach

We have performed an audit risk assessment update for the Katonah-Lewisboro Union Free School District ("District"), on behalf of the District Audit Committee and Board of Trustees in accordance with New York's Chapter 263 of the Laws of 2005. A risk assessment is a systematic process for identifying and controlling risk. Risk can be defined as the possibility that something could negatively affect the District. More specifically, risk can be defined as the internal and external factors that threaten the achievement of the District's mission, goals, and objectives.

As the District's Internal Auditor, our primary responsibility is two-fold. First, internal audit's role is to assist the Board in ensuring that the District's risks are identified. Second, Internal Audit provides the Board and Management with a systematic assessment of risk to ensure that appropriate internal controls are in place to mitigate those risks.

The recommended internal audit plan is derived from the risk assessment. The internal audit plan summarizes the recommended audits or "test of controls" the District should conduct to evaluate its risk management strategies. Effective and efficient internal controls, or risk management strategies, gives the Board and Management greater assurance that the District can achieve its mission, goals and objectives. The operational effectiveness of internal controls is then tested during the internal audit.

Our risk assessment includes a District-wide analysis of the major District functions, processes, and controls. We consider qualitative and quantitative factors such as materiality to the financial statements, policies and procedures, strategic planning, and organizational change. Also, the risk assessment includes a quantitative risk rating that represents an aggregate assessment of risk relative to the financial and operating environment, information technology, governance, internal controls and compliance factors.

In the initial risk assessment, our overall goal was to determine the degree of risk within the major functional areas of District operations. This resulted in our designing an annual audit plan to focus on those areas which were most at risk. In our risk assessment update, we re-evaluated the same functional areas to determine if there were any significant changes that would impact the risk evaluation.

Internal Audit does not strictly recommend auditing only the functional areas with the highest risk rating score. Other factors affecting the recommendation include Board/Management priorities, limited resources, prior audit results, the opportunity for a greater impact in adding value to the organization, and the degree of organizational change in the functional area. All of these factors are addressed when devising the recommended audit plan.

Risk Rating Methodology

In performing our risk assessment we categorized the District into nine functional areas. We then utilized a rating methodology that takes into account sixteen quantitative and qualitative factors such as: policies and procedures; financial materiality; operational change; employee knowledge & training; internal controls; management reporting; and laws and regulations. The sixteen factors were individually weighted by relevance and importance. Then, a risk matrix was developed to comprise the sixteen factors across all nine functional areas.

The risk matrix is used to provide a systematic evaluation of risk. Each functional area's composite risk rating score is derived from the sum of the individual ratings scores of the sixteen factors. The rating system represents an aggregate assessment of risk, with the level of risk determined by the composite risk score as defined in the table below:

Composite Risk Rating Score and Level

Low	Medium	High
< 131	131 – 210	211 – 300

The qualitative and quantitative factors are individually weighted for relevance and significance. Thus, some factors will affect the overall risk rating more than others. In other words, the financial significance, materiality or criticality of a particular function to the organization's operations can increase the risk rating of a function. For example, in Payroll and Purchasing, the risk rating score for most Districts will be relatively higher than other areas because of the financial significance or materiality of these operations. This explains that some areas within the District may have higher inherent risks associated with them relative to other operations.

Another factor that can increase the risk rating is the design of internal controls. Although our risk assessment does not test and evaluate the operational effectiveness of internal controls, our methodology includes the identification of internal controls, as well as an evaluation of the design of internal controls. If the District was lacking in a key control over a functional area such as adequate segregation of duties or policies and procedures, that would create more risk.

In addition, we review for a system of internal controls that both prevent and detect errors. Preventative internal controls are controls that may prevent errors from occurring, whereas detective controls are controls that may detect errors once they have occurred. If the District has more controls in place that prevent errors, then the overall control environment would be stronger, and hence there would be less risk, than if the District relied solely on detective controls. The ultimate goal is to effectively manage the risks in all functional areas through the implementation of a system of internal controls that help to ensure that errors, irregularities, and fraud are less likely to occur or go undetected.

Executive Summary

	FY14/15		FY13/14	
Functional Area	**Risk Rating**	**Level**	**Risk Rating**	**Level**
Budget, Financial Accounting & Reporting	179	Medium	184	Medium
Debt, Investments & Cash	125	Low	125	Low
Revenues & Accounts Receivable	139	Medium	139	Medium
Purchasing & Accounts Payable	155	Medium	171	Medium
Human Resources & Payroll	169	Medium	180	Medium
Facilities & Capital Assets	151	Medium	151	Medium
Student Services	167	Medium	167	Medium
Information Technology	198	Medium	204	Medium
Government Aid & Grants (Special Education)	160	Medium	164	Medium

Composite Risk Ratings
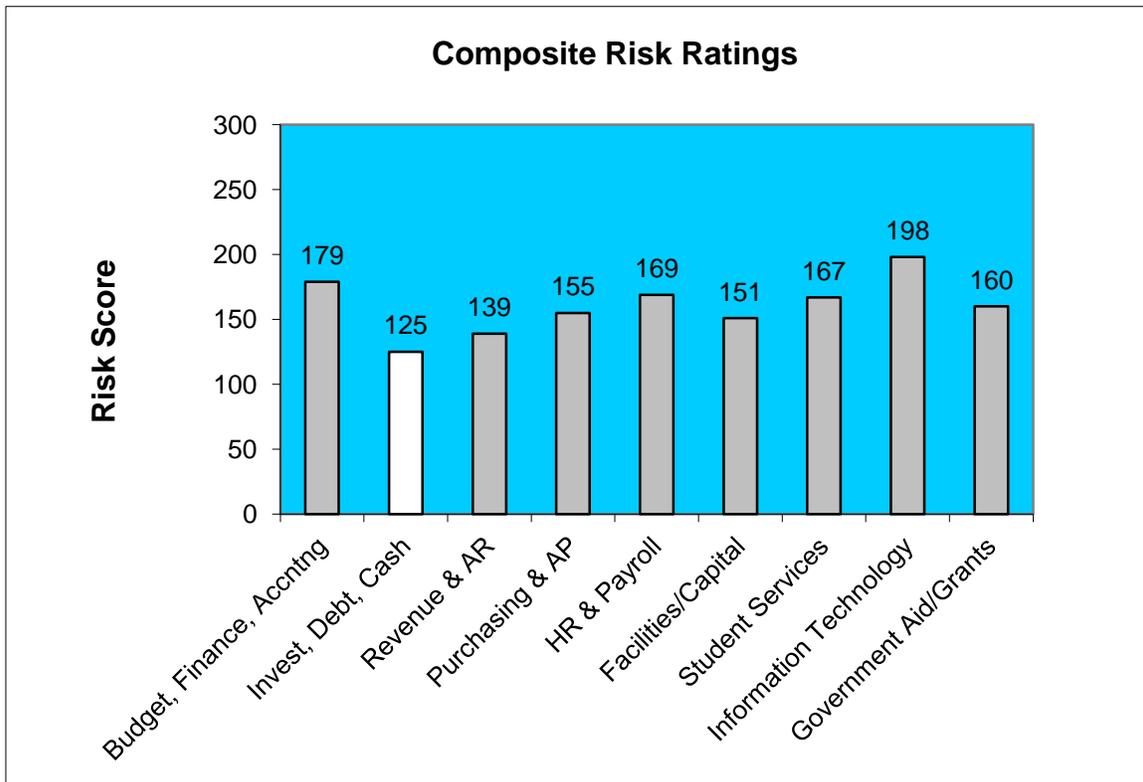
Chart Legend

High 211-300	
Medium 131-210	
Low <130	

Discussion and Risk Rating by Functional Areas

BUDGET, FINANCIAL ACCOUNTING & REPORTING
Risk Rating 179 Medium

This area is concerned with the budget development, implementation and monitoring process; financial accounting and reporting; the operations of the Business Office; and Board governance.

The District's adopted budget for FY14/15 is $111,162,832 compared to the FY13/14 budget of $114,879,543. The FY14/15 appropriations amount represents a budget decrease of approximately 3.24 % from the previous year. The District adopted a budget that is within the limits of the new tax cap law. The state passed a cap to restrict the growth in the property tax levy to two percent a year or the rate of inflation, whichever is lower. A majority vote of at least sixty percent of voters can override the tax cap, and some provisions are made to exclude items such as voter approved capital expenditures and certain pension costs that exceed two percentage points per year.

As part of the District's strategic planning and budget development process, the District created a Long Range Plan and revised its annual Five Year Expenditure Forecast "FACE" Report. It also included a Comparative Financial Analysis which benchmarked the District's actual 2012-2013 expenses against five comparable Westchester school districts and demonstrated that the District's expenditures per pupil continue to exceed that of the comparable districts. Further the report demonstrates that the District community's financial ability to support the current level of spending is lower than that of the peer districts. Also, the District's budget development considerations include the decrease in student enrollment. On a positive note, the District will benefit from a reduction in the NYS mandated Teachers Retirement System and Employee Retirement System employer contribution rates. Also, there will be a significant reduction in principal and interest associated with prior capital improvements

Since the previous risk assessment, the District's Administration personnel has stabilized following several changes. An interim Superintendent has been appointed, a new Assistant Superintendent for Human Resources has been hired and a Principal has been appointed for John Jay High School. Personnel changes impacted the risk rating for this area.

The District has adequate segregation of duties over financial and accounting responsibilities. The Bookkeeper posts all journal entries and cash receipts. The District Treasurer independently reviews and signs off on the journal entries. In addition, the District Treasurer prepares bank reconciliations and monthly budget status reports and the Treasurer's Reports for the Board. Also, the Assistant Superintendent for Business reviews the general fund account reconciliation as well as the Treasurer's report prior to the Board.

In terms of Board governance, the District has two Board Members that are serving in their third year, two Board Members serving in their second year, two Board Members serving in their first year and one Board Member with eight years of experience. Overall, the Board's operational disclosure practices exhibit a good level of transparency and accountability. The District's practices are in compliance with the Open Meetings Law, Chapter 603 of the Laws of 2011, which came into effect February 2012. Specifically, Board Policies, Board Meeting Agenda and Minutes, Board presentations and reports to the Board are available to all stakeholders on the District's website via Board Docs. In addition, the District posts its annual budget and audited financial statements on its website.

This area was rated a Medium Risk.

DEBT, INVESTMENTS and CASH
Risk Rating 125 Low

The review of Debt, Investments and Cash looks at the processes the District has in place to oversee issuing, monitoring and recording of debt; as well as policies and procedures for managing and monitoring investments and collateral, and cash management controls.

The District Treasurer is responsible for managing cash and monitoring debt and investments. The Treasurer maintains cash-flow statements, a debt service schedule, and makes periodic debt service payments. From time to time, the District will issue short-term debt in the form of notes, to manage operating cash-flow in anticipation of future revenues. Specifically, during FY13/14, the District renewed $2,332,000 in Bond Anticipation Notes "BANs" to refinance debt outstanding from prior year purchases of buses and vehicles.

Total long term liabilities for the District amounted to $97,042,062 for the fiscal year ended June 30, 2014, compared to $91,626,817 in the previous year. Specifically, the balance in long term liabilities reflects $24,857,615 in bonds payable; $3,024,997 in compensated absences; $171,317 in retirement incentives payable; and $68,988,133 in Other Post Employment Benefits ("OPEB"). The District made $5,213,028 in OPEB payments; however, the District recognized an additional $10,081,270 in OPEB obligations. Specifically, the total OPEB Unfunded Actuarial Accrued Liability ("UAAL") for FY13/14 was $169,202,600 with an Annual Required Contribution ("ARC") of $16,180,931. The District made $5,213,028 in OPEB contributions in FY13/14 and therefore recognized an increase in its net OPEB obligation. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover annual and amortized costs over the next thirty years. School districts are currently only allowed to fund on a pay-as-you-go basis.

The District has an investment policy, and maintains cash available for investment in a cooperative investment pool and other interest bearing accounts. At fiscal year ending June 30, 2014, the District held approximately $27,080,945 in cash and cash equivalents for all funds including capital. Also, from a control perspective, the Business Office has a secure and dedicated computer with its use restricted solely for banking transactions made by the District Treasurer.

This area was rated a Low risk.

REVENUE and ACCOUNTS RECEIVABLE
Risk Rating 139 Medium

The review of this area focuses on property tax and non-tax revenue, recording and reporting revenue, billing and maintaining accounts receivable, and other Treasury functions in the Business Office.

The District's budgeted source of revenues is property tax collections, charges for services, state aid, miscellaneous and other non-tax revenues, and appropriated fund balance. For FY13/14, the District's property tax revenues of $93,859,188 accounted for approximately 81.4% of total revenues. The District reported total revenues of $115,304,422 for the fiscal year ending June 30, 2014 compared to $113,950,875 for the previous fiscal year. The increase was mainly due to increased sales taxes, state aid and charges for services.

The District maintains its billing and Accounts Receivable ledger and aging reports on Finance Manager. In general, the District bills for Tuition, Arts & Education Programs, Fuel Usage, Facilities Use, Health Services, Print Shop services and other miscellaneous expenses. Also, the District does not collect its own taxes. The towns of Lewisboro, North Salem, Bedford, and Pound Ridge are responsible for billing and collection of the taxes and guarantee the full payment of the District's property tax warrant. This lowers the overall risk in collecting and receiving property tax revenues.

The District Treasurer provides monthly revenue status reports to the Board. The reports are reviewed by the Assistant Superintendent for Business. The District Treasurer regularly monitors cash on hand and maintains fund balance reserves in interest bearing accounts. The District has various reserve funds for purposes such as retirement system contributions, tax certiorari, and debt service. Establishing and maintaining reserves is a best practice in effective long-term planning for school districts. Reserves help districts save up for future expenses, and can help decrease the need to rely exclusively on indebtedness to finance capital projects. In addition, maintaining an adequate level of reserves helps to lower the risk of any unanticipated events having a significant negative impact on the operating budget. The District is authorized to maintain up to 4% of the total budget in unassigned fund balance. At the end of FY13/14, the District held $4,246,653 in unassigned fund balance, and was within the statutory limit.

The risk rating for this area is Medium.

PURCHASING and ACCOUNTS PAYABLE
Risk Rating 155 Medium

This area is concerned with the Purchasing function and Accounts Payable, Cash Disbursements, and the Internal Claims Audit processes.

The Purchasing Agent's duties and responsibilities include approval of new vendors and purchase orders, ensuring the District seeks competitive procurement methods by conducting bids and requests for proposals ("RFPs"); obtaining quotes from vendors; and ensuring compliance with the District's Purchasing Policy and New York State General Municipal Law ("GML"). Also, the Purchasing Agent manually tracks expenditures by vendor and legal thresholds, to ensure the District does not exceed the limit set by GML, before it is required to go out to bid. The Assistant Business Manager assists the purchasing function and reviews and approves purchase orders prior to the final approval by the Purchasing Agent.

The Purchasing Agent and Director of Operations and Maintenance issued a Multi-trade bid in FY12/13 that improved the efficiency and effectiveness of procuring contracted services for the Department. The multi-trade bid was issued for twenty-six service areas, and eliminated the need to issue additional bids throughout the year. Bid specifications and vendor contracts were established to better meet the needs of the Department, and resulted in acquiring more responsive bidders, and procuring an improved level of quality and work. This procedure was continued in FY13/14.

The District follows best practices by including detailed information on the face of purchase orders to facilitate vendor compliance with contractual terms and prevailing wage rates, where applicable, as well as state contract numbers and bid numbers. Bid awardees are required to disclose any conflict of interests as well. In addition, at the beginning of the school year, the Purchasing Agent provides Building staff responsible for processing purchase requisitions with a copy of the District's Purchasing Procedures Handbook and a list of New York State, County, and BOCES Contracts in which the District participates.

The Accounts Payable Department consists of an Accounts Payable ("AP") Clerk who directly reports to the Assistant Superintendent for Business. The Accounts Payable Clerk prepares claims for payment and processes cash disbursements on a weekly basis. Also, the Accounts Payable Clerk generates the Claims Warrants and prints the checks. All warrants and checks are audited by the Internal Claims Auditor. The Purchasing Agent provides the Internal Claims Auditor a binder with copies of vendor contracts and bid awards as a reference tool to facilitate the efficient audit of claims and reconciliation of invoice pricing to contractual and bid terms.

An internal audit of Purchasing and Accounts Payable was conducted in FY13/14. The audit made some recommendations to improve internal controls in this area. In response,

Management implemented a Corrective Action Plan to address the audit findings. Details can be found in the audit report.

The risk rating for this area is Medium.

HUMAN RESOURCES and PAYROLL
Risk Rating 169 Medium

Both Human Resources and Payroll areas are closely linked in the administration of personnel, payroll, and benefits. In addition, this area is concerned with District compliance to Board Policies, union contracts and bargaining agreements, and applicable state and federal laws and regulations. The District's largest expense is salaries, wages and benefits. This functional area is a highly significant one, not only due to the magnitude of its share of the District's budget, but also due to the complexity and sensitivity of its operations and ensuring compliance.

The Department has gone through some personnel changes since the previous risk assessment report. Specifically, the District hired an Interim Assistant Superintendent for Human Resources for FY13/14. In July, 2014, a permanent replacement was hired.

Employee benefits costs in the FY14/15 budget decreased by $3,704,280 from the previous fiscal year mainly due to decreases in Hospital and Medical Insurance payments. Effective July 1, 2014, the District switched from a self-insured plan to NYSHIP.

All District personnel have now fully transitioned into Aesop, the automated employee absence management and substitute placement system. The one exception is the Transportation Department, which began using Finance Manager's Timepiece timekeeping and attendance system. In addition, all District staff has been given email to facilitate District wide communications. The Department uses My Learning Plan, the automated planning, management, and reporting of professional development system. The system is accessible to staff to directly go online to register and request course approvals for professional development offerings. Also, an increase in funds was allocated towards professional development in FY13/14 in order to support instructional staff with meeting the mandated requirements of Response to Intervention and Annual Professional Performance Review ("APPR") Plans, as well as the implementation of Professional Learning Communities ("PLCs") at the building level. In general, PLCs are organizational arrangements that provide structured time for teachers to collaborate, cooperate, and share in the decision-making process to improve curriculum and enhance instruction. An appropriate level of financial support has been maintained in these areas for FY14/15.

This area was rated a Medium risk.

FACILITIES and CAPITAL ASSETS
Risk Rating 151 Medium

This area includes buildings and grounds, facilities maintenance, custodial operations, building use, capital projects, school building improvements and new construction, capital assets and inventory controls.

The Department of Operations & Maintenance ("O&M") is headed by the Director and consists of a staff of approximately fifty custodians, maintenance and grounds workers, and clerical support. The O&M budget is comprised of operational expenses to maintain the District's grounds and physical plant, as well as utility and fuel costs, supplies, equipment, and salaries of Department staff. In addition, maintenance costs include preventative care and maintenance on critical electrical, heating and cooling systems throughout the District's buildings. O&M costs were budgeted at $6,782,403 for FY14/15, a decrease of $58,236 from the prior fiscal year.

The O&M Department maintains an automated work order and preventative maintenance system, School Dude. Facilities use scheduling is also managed on School Dude. In addition to O&M in-house operations, the Department staff oversees ongoing capital projects and contracted service repairs.

As part of the District's long-range planning efforts, the District completed its Building Condition Survey ("BCS") in FY09/10. The BCS is a comprehensive review of the condition of all facilities and building systems which must be updated every five years and, accordingly, will be updated this year. The long range plan identified approximately $29 million in needed capital improvements. The District continues to fund its inter-fund transfer from the general fund to the capital fund to address items identified in its long-range plan. In addition, a $6 Million capital project was approved in May 2012, and the District is currently involved with an Energy Performance Contract ("EPC"). An EPC provides for long-term project financing of energy efficiencies and renewable energy systems, with guaranteed built in savings to cover the cost of the project. Overall, the capital project and EPC will address approximately $7.5 million in items identified in the long-range facilities plan. The District is also in the process of completing a track and field replacement at the John Jay Cross River campus.

This section has been rated a Medium risk.

STUDENT SERVICES
Risk Rating 167 Medium

This area includes Transportation, Food Service, Extraclassroom and Co-curricular Activities, Interscholastic Athletics, and Safety and Security. Although these areas represent a small percentage of the District's budget, they directly impact the District's mission and objectives. In addition, these areas tend to be more operationally decentralized, and have a potentially greater impact on reputational risk to the District.

The District provides District-owned pupil transportation services for regular school, out-of District special education and parochial placements, athletic events, and field trips. For FY14/15, pupil transportation costs are budgeted at $5,030,739 compared to $4,961,662 the previous fiscal year.

The District provides a food service program to students, administered by an outside contractor. The District's Food Service Management Company ("FSMC") operates five cafeterias in all the school buildings. The food service program functions as a self-sustaining operation. In FY13/14, school lunch fund revenues totaled $1,148,391 and cost of food sales totaled $1,251,144. The District follows best practice with an active Wellness Committee that meets monthly and goes over menu items for wellness, building and equipment issues, changes in program, and contract compliance issues. The Wellness Committee has assisted in coordinating the FSMC's efforts to support local Farm to Table programs and elementary school gardens within the District.

The District has approximately 44 student clubs that comprise its Extraclassroom Activity Funds ("ECAF"). Most student clubs are in the High School. The only financially active student club in the Middle School is the Student Council. According to the District's FY13/14 External Audit, student clubs had total cash receipts of $161,120 and total cash disbursements of $165,646. These figures represent a very small amount of financial activity in comparison to the District's budget. However, due to the nature of the activity, the District should ensure it has adequate oversight over operations.

The Director of Athletics, Physical Education ("PE"), Health and Wellness oversees the District's Athletic program, as well as the curriculum for PE and Health. The Interscholastic Activities (Athletics) budget for FY14/15 is $872,663, compared to $869,697 the previous year. This represents a budget increase of $2,966.

This area was given a Medium risk rating.

INFORMATION TECHNOLOGY
Risk Rating 198 Medium

This area includes IT Strategy and Planning, Outsourced Vendor Management, Business Continuity Planning, IT Infrastructure and Maintenance, Information Security, Governance, Systems Development and Maintenance, Systems Support and Critical Systems.

Since the last risk assessment update, the District has hired a permanent Director of Technology, continued with the network conversion project and adopted two policies related to technology.

In March 2014, the District appointed an Interim Director of Technology in an outsourcing arrangement with the Lower Hudson Regional Information Center (LHRIC). This appointment was temporary while the District conducted a search to fill the position. The current Director of Technology was hired as of August 26, 2014.

The District also continued with the network conversion project, converting all schools from Novell to Microsoft Active Directory. The District Office is the last building that remains to be converted. Once the network environment is stabilized, the District plans to review Active Directory Group Policies and Profiles and focus on Professional Development.

In addition, the District's Board approved an Information Security Breach and Notification Policy and a Computer Resources and Data Management Policy on July 8, 2014.

We searched the District's website and noted that, on July 8, 2014, the District adopted a Parents' Bill of Rights for Data Privacy and Security (Parents' Bill of Rights) as required by New York State Education Law. This document outlines certain rights with regard to the disclosure of student data records and rights protecting the confidentiality of personally identifiable information under the Family Educational Rights and Privacy Act (FERPA).

Details are provided under separate cover as an Appendix to this report.

GOVERNMENT AID and GRANTS
Risk Rating 160 Medium

This area includes grants and aid from the state and federal governments, and foundation and other not-for-profit aid and donations. This area also includes Special Education, since a large proportion of federal aid goes toward funding these services.

In general, the District receives both state and federal aid. In terms of state aid, the District budgeted receipt of $7,225,922 in state aid in FY14/15 compared to $6,875,866 in FY13/14. Overall, state aid represents approximately 6 percent of the budget. The District receives most of its federal aid through federal grants. A majority of the federal grant monies are dedicated to funding services for students with special needs. Specifically, of the $1,284,343 awarded (and/or carried over from the prior year) in FY14/15, $1,101,566 or 86% percent of the funds are IDEA Part B Sections 611 and 619 grants directed towards educating students with disabilities. The remaining monies are Title I and II grants.

The District's budget for special education in FY14/15 is $11,315,431, compared to $10,719,183 the previous year. The Department saw a slight increase in the number of classified students to 14%, slightly above the state average of 13%. Also, the Department made some personnel changes to better align staff with student needs, and bring occupational therapy services in-house. In general, special education accounts for 10.3% of the District's total budget.

This area was evaluated a Medium risk.

Recommended Internal Audit Plan

Katonah-Lewisboro Union Free School District	FY Audit Hours	
	14/15	Future
Risk Assessment Update	60	X
Budget, Financial Accounting & Reporting		X
Review of internal controls related to fiscal accountability and budget control, and operations in the Business Office.		
Debt, Investments and Cash		X
Review of internal controls over debt and investment monitoring and cash management.		
Revenue and Accounts Receivables		X
Review of internal controls over revenue, billing & collections, and accounts receivables.		
Purchasing and Accounts Payable		X
Review of the internal controls over purchasing, accounts payable, and the internal claims audit process.		
Human Resources and Payroll		X
Review of internal controls over the hiring and termination of employees, changes to pay and employment status, and the processing of payroll.		
Facilities and Capital Assets		X
Review of internal controls over facilities operations, capital project monitoring and reporting, and capital asset accounting and inventory control.		
Student Services		X
Review of internal controls over Extraclassroom Activity Funds' administration, collections, disbursements and reporting.	125	
Information Technology		X
Review of general computer controls		
Government Aid and Grants		X
Follow-up review to Corrective Action Plan in response to Internal Audit.		
Board/Audit Committee Presentations, Planning and Meetings	25	
Total Internal Audit Hours	210	

Appendix

IT Risk Assessment Update
FY 2014/2015

Information Technology (IT) in education environments has basic inherent risk due to the concentration of critical information being in an electronic format and the need to provide for the proper security over this information. The following risk assessment was conducted in cooperation with IT management for each of the following IT audit areas:

IT Strategy and Planning

The Director of Technology oversees the Office of Technology. There is also a Computer Systems Manager who provides non-instructional managerial support for the District's administrative systems. Additional staff members include a Data Analyst, a Help Desk Analyst, two Network Specialists, one Jr. Network Specialist (outsourced through the Lower Hudson Regional Information Center) and two Computer Aides.

The Technology Team is depicted in an organization chart and areas of responsibility for each IT position are documented in formal job descriptions maintained in the Office of Technology Policy and Procedures Handbook.

Technology goals and objectives have been developed, documented and incorporated into the Long Range Plan for Technology which is being updated to reflect current needs. This document provides a detailed description of the District's technology goals and objectives, strategies and implementation plans.

A District Technology Committee has been re-established which consists of representatives from each building, teachers, administrators, parents and Technology Team members. The Committee meets periodically to discuss technology related matters such as infrastructure support and performance, instructional technology needs, replacement of hardware and software recommendations. The District Technology Committee will also accept the charge of developing a new Long Range Plan for Technology to replace the existing plan.

Outsourced Vendor Management

An assessment of the School District's IT vendor management process controls determines whether vendors are appropriately selected, effectively managed and monitored as a normal course of business. Specific attributes, which demonstrate the effective use of vendors include:

- A formalized vendor selection process which includes appropriate due diligence procedures such as background checks, capability, cost, financial stability, quality of IT personnel etc.
- Formalized vendor contract review which includes the development of specific service level metrics
- A structured process for monitoring activities performed by vendors

The District reviews vendor contracts on an as-needed basis and must follow a structured vendor selection process, as defined by applicable New York State law, in order to be eligible for discounts provided by the Schools and Libraries Program of the Universal Service Fund (commonly referred to as "E-Rate"). The E-Rate Program funds some of the District's telecommunications and Internet connections and the applications that use them. Services that are outsourced by the District include:

Outsourced Function/Application	Provider
Internet Service Provider, Remote Backup, Web Host and Maintenance, Application Host – Timepiece Time and Attendance Management System and Web-based Help Desk	Lower Hudson Regional Information Center (LHRIC)
Web-based Student/Teacher Communication System	eChalk (through BOCES)
Web-based Student Information System	Infinite Campus
IEP Direct – Web-based Special Education Student Information System RTI Direct – Response to Intervention System	Centris Group (through BOCES)
Emergency Phone System	ConnectEd (through BOCES)
Backup PRI Connection	Managed through BOCES
Student Health Information Data Retention	HealthMaster
AESOP – Web-based Substitute Placement and Absence Management	Frontline Technologies
My Learning Plan – professional development tracking/interfaces with NYTEACH	Putnam/Northern Westchester BOCES
Technical Expertise, Telecommunications and LAN Support	BOCES
Physical Access Control - Employee Badges, Keyless Entry, Surveillance Camera	SecureWatch24
Web Pages – District and School Home Pages	Syntax

As a result of these outsourcing arrangements, the majority of IT operational risk for these functions has been transferred to outsourced providers. This transfer of risk, however, requires the District to establish strong monitoring controls to ensure service providers maintain a controlled operational environment. The District maintains vendor documents including contract terms, contact information and service level agreements in order to monitor vendor performance.

Business Continuity Planning

A Business Continuity and Disaster Recovery Plan for Finance Manager has been developed and documented with the off-site recovery site located at the LHRIC. The

personnel in the District on the Emergency Planning Team all have clearly defined responsibilities and appear properly trained to execute the plan in a timely and efficient manner. The plan is tested on an annual basis at the LHRIC. The last disaster recovery test occurred on March 11, 2014 with successful results.

IT Infrastructure and Maintenance

The District's network infrastructure connects the classrooms, schools and buildings to each other and the Internet via fiber optic cables, Dell servers and various switches and routers that control traffic throughout the District. In addition, a Transparent LAN Service (TLS) connection is provided by the LHRIC which serves as the gateway to the Internet and includes firewall protection and content filtering for the District. Increased wireless capabilities have also been implemented with the addition of a 10 Gigabit backbone switch.

The District has converted its network platform from Novell to Microsoft Active Directory for all schools, and the District Office is scheduled to be converted. In connection with the conversion, the District also changed its email system to Outlook.

Hardware and software inventories are documented and updated annually. The hardware inventory is arranged by room, description and service tag number, and the software inventory also tracks serial/license numbers.

Major applications housed on servers in the District include the human resources, payroll and accounting system, Finance Manager; the student information system, Infinite Campus, the transportation system, Transfinder; and the Food Service System, Horizon. These applications are located on servers at the High School and District Office.

The LHRIC provides a centralized patch management solution for the District using Windows Server Update Services (WSUS). The WSUS server checks for Windows updates daily and there is a team at the LHRIC that is responsible for testing the patches before approving them for distribution to the districts.

All infrastructure maintenance is performed in-house by the Network Specialists who coordinate server maintenance and switch and router installation and support. Maintenance occurs over the summer and schedules have been developed. In addition, BOCES assists with significant hardware problems on an as-needed basis.

Information Security

Systems security administration is a process which entails: performing risk analysis, administering the security policy, identifying security breaches, reporting incidents to management, maintaining and reviewing audit and security logs, and coordinating with both users and management regarding security.

Formal policies and procedures over information security have been documented in the Office of Technology Policy and Procedures Handbook. All School District Employees are required to read the Technology Acceptable Use Policy (AUP) included in their hiring packet, and all users of the eChalk web-based system for the school website and student/teacher e-mail must approve of the AUP electronically prior to being given access to the system. In addition, students and their parents are required to sign a similar AUP in order to obtain system access. Both policies were formally approved by the Board of Education.

Access to the District's Network is controlled through network user ID's and passwords. Network password complexity has been enabled; however, passwords are currently not set to expire. Infinite Campus, eChalk, and Finance Manager all require a separate user ID and password, and Finance Manager passwords expire every 90 days. There is also a parent portal on Infinite Campus which requires and activation key, user ID and password. The user security process is documented and specific network login rights and access permissions are determined by the type of account provided to the user, such as teacher, student, District employee, etc.

Procedures for network account set-up have been documented and are performed by the Help Desk Analyst, who has limited Administrator rights to modify the security settings. Human Resources will send a formal notification to the Computer Systems Manager or Help Desk Analyst of any changes in employment relative to new hires, resignations or terminations. At the request of Human Resources, user accounts are either created or disabled. An additional user ID and password is required to access critical application systems and procedures have been documented for the creation and maintenance of each type of user account.

The eChalk system is used to provide secondary students and all teachers with a filtered e-mail account, class pages for teachers and access to Intranet group pages. Administrators and administrative staff are also given eChalk accounts for the purpose of generating a dynamic directory on the eChalk District/School web pages, as well as access to Intranet group pages.

Access to the main server room at the High School is controlled by a key lock and contains a climate control system, fire/smoke detection systems and a UPS system.

Each of the District server locations is protected by a firewall with Internet filtering and surf control protection. Deepfreeze is installed and used to protect system integrity and prevent unwanted executable files from being accessed. In addition, Symantec Enterprise anti-virus software is used throughout the District with automatic updates received as they become available.

Governance

IT management within the School District is responsible for the development of policies and operating procedures that assure effective management, the security of IT resources and compliance with applicable regulatory guidelines. The Office of Technology has developed a Technology Procedures Handbook that documents all IT functions and systems. The handbook also includes an organizational chart, job descriptions, the Long Range Technology Plan, Technology Committee meeting information and hardware and software inventories.

Board approved policies include Technology Acceptable Use Polices, an Information Security Breach and Notification Policy, a Computer Resources and Data Management Policy and a Parents Bill of Rights for Data Privacy and Security.

Systems Development and Maintenance

The School District does not perform any systems development and does not make changes to the academic or business office application systems. Finance Manager owns the source code for the business office applications and if a product update or software change is needed, management coordinates with BOCES to remotely install the update. Once the install is complete, remote hosting is closed.

As the School District does not perform its own programming functions in support of its systems, performing system development and maintenance functions is not critical to the continued success of the organization. The management of these functions provided by service providers, however, is critical as noted in the Vendor Management section of the Risk Assessment.

Systems Support

Systems Support includes technology components that support systems processing and consist of help desk procedures, desktop support, backup, production support and change management control.

The Technology Team uses a web-based help desk from the Southern Westchester BOCES Lower Hudson Regional Information Center to assist users with system or user problems. User's (members of the Technology Team) logon to the system via the Internet and complete a standardized request form which documents any user problems or computer repair requests. The form is then electronically submitted to the Help Desk Analyst who processes the request, assigns priorities and distributes the work to the appropriate Network Specialist based on the specific hardware, software or application work order request.

All District data is backed up offsite each night at the LHRIC. A daily e-mail is sent to designated District staff members with information on the status of the remote server

backups, and a web-based console is available to perform restores. An additional Infinite Campus remote backup is provided by Custom Computers/Infinite Campus as a part of the managed services agreement.

Critical Applications

Critical applications have a material impact on the District's operations and management of non-public information. These applications must be reviewed and tested on an annual basis to ensure the integrity of processing and the security of information. Critical applications include the following:

Service Provider/Vendor	Application	Type of Data	Tests of Controls
Finance Manager	Human Resources, Accounting and Payroll Management System	Employee non-public	Internal Audit
LHRIC/Finance Manager	Timepiece Time and Attendance Management System	Employee non-public	Internal Audit
Infinite Campus	Student Management System	Employee/Student non-public	Internal Audit
Transfinder	Bus Transportation System	Student non-public	Internal Audit
IEP Direct	Special Education Student Management System	Employee/Student non-public	Internal Audit
Horizon Software	POS and Food Service System	Employee/Student non-public	Internal Audit
HealthMaster	Student Health Office System	Student non-public	Internal Audit