

Pelham Union Free School District
Independent Accountant's Report On
Applying Agreed-Upon Procedures
March 24, 2017

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

To the Board of Education and Audit Committee
Pelham Union Free School District
Pelham, New York

We have performed the procedures described in the following pages, which were agreed to by the Pelham Union Free School District (District), solely to determine the effectiveness related to the Information Technology Department in complying with policies and procedures of the District for the period July 1, 2015 through September 30, 2016.

The District's management is responsible for administering this area.

This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the District. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are described in the following pages.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the District's Information Technology Department. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We would like to express our appreciation for the cooperation and assistance that we received from the District's administration and other employees during our engagement.

This report is intended solely for the information and use of the District and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purpose.

Cullen & Danowski, LLP
March 24, 2017

PELHAM UNION FREE SCHOOL DISTRICT
Report on Applying Agreed-Upon Procedures
For the Period Ended September 30, 2016

Introduction:

This report is organized as follows:

- Background information
- Summary of the engagement
- Procedures performed during our detailed testwork
- Findings as a result of our review
- Recommendations to further strengthen internal controls or improve operational efficiency.

Some of the recommendations may require a reassignment of personnel duties within the District and/or a monetary investment. However, any enhancement of controls should be done after a careful cost-benefit analysis.

Corrective Action Plan:

Commissioner of Education Regulation §170.12(e)(4) requires that a corrective action plan, approved by the Board of Education, must be filed within 90 days of issuance with the New York State Education Department.

The District should send the Corrective Action Plan (CAP) along with the respective Internal Audit Report via mail or email to the addresses listed below. The report needs to accompany the CAP to allow the Office of Audit Services (OAS) to reconcile the District's CAP to the report to ensure all items have been addressed (i.e., CAP is not missing anything).

Submission Information – Mail & Email

New York State Education Department (NYSED)
Office of Audit Services (OAS)
89 Washington Avenue
Room 524 EB
Albany, NY 12234
Fsanda133@mail.nysed.gov

Contact

Office of Audit Services
(518) 473-4516

PELHAM UNION FREE SCHOOL DISTRICT
Report on Applying Agreed-Upon Procedures (Continued)
For the Period Ended September 30, 2016

INFORMATION TECHNOLOGY

Background:

The District has an Information Technology Department (IT) led by a Director of Technology, with a staff of two. There is a clerk that assists at the help desk, resets passwords, assists staff and students with IT related issues, enters purchase order (PO) requisitions, maintains the capital assets inventory and performs other clerical duties of the office. The second employee assists the students and staff with IT issues. The District contracts with BOCES to provide IT services. Such services are included in the District's Instructional budget rather than the IT budget. The District spent \$2,496,440 in 2015-16 and is budgeted to spend \$2,645,230 in 2016-17 for BOCES instructional services, including IT services and lease purchase agreements. The District uses BOCES lease purchase agreements for the majority of technology items for the District (i.e., laptops, desktops, iPads, etc.). There were 4 BOCES staff assigned to the District in 2015-16; however, the staffing level was reduced to 3 in 2016-17 due to changes in NYS law.

The District has 8 Board policies specifically related to IT as noted below in the table. As in all school districts, security and access to student data has become an important part of the District's IT department focus.

Policy #	Title	Adoption Date
3120	<i>District Standards and Guidelines for Web Page Publishing</i>	June 19, 2012
3320	<i>Confidentiality of Computerized Information</i>	June 19, 2012
5675	<i>Student Grading Information Systems</i>	April 19, 2016
6410	<i>Staff Use of Computerized Information Resources (Acceptable Use Policy)</i>	June 19, 2012
6411	<i>Use of Email in the District</i>	June 19, 2012
7315	<i>Student Use of Computerized Information Resources (Acceptable Use Policy)</i>	June 19, 2012
8270	<i>Instructional Technology</i>	June 19, 2012
8271	<i>Internet Safety – Internet Content Filtering Policy</i>	June 19, 2012

In conjunction with District staff we reviewed access and user permissions for the District's critical systems, including Infinite Campus, Finance Manager (FM) and IEP Direct to ensure that the permissions provided were consistent with their job function.

Summary:

Our review identifies areas for potential improvement including monitoring and removing user permissions in a timely manner from District systems. Additionally, we found that there is a need for improved communication between departments and the schools in the District to ensure that user access to District systems is terminated in a timely manner when staff or students leave the District.

Procedures:

- Review Board policies and departmental procedures related to IT operations.
- Interview IT personnel to determine procedures used in the following areas:

PELHAM UNION FREE SCHOOL DISTRICT
Report on Applying Agreed-Upon Procedures (Continued)
For the Period Ended September 30, 2016

- Account maintenance, user permissions and modifications to access level within the FM system and the District's student data management system
 - Network access and security
 - Transaction review through the use of audit trail reports
 - Data back-up and testing
 - Equipment inventory
 - Data access and security
 - Review supporting documentation to support assertions related to the above
- Examine payroll records of the IT Department personnel for 2 pay periods during the period July 1, 2015 through September 30, 2016, and on a test basis compare to source documentation.
 - Review the IT budget for 2016-17 and compare to the 2015-16 budget and the 2015-16 actual expenditures. Obtain explanation for unusual variances.
 - Review purchase orders for 5 of the largest IT vendors during the year and examine invoices related to those POs to determine if policies and procedures of the District have been followed.
 - Select 25 additional disbursements from the IT Department and review supporting documentation to determine if applicable purchasing and disbursement policies and procedures have been followed.

Findings:

Review of Board Policies, departmental procedures, and conversations with IT personnel regarding IT operations, noted:

- Staff and students are required to complete an Acceptable Use Form every year. They are completed at the school and maintained in the IT Department. However, for the 2016-17 year, due to the volume of work, there was no process to ensure all forms were completed and collected.
- We were informed that the IT Department removes access to the network when informed that an employee has separated from the District. However, the IT Department is not always notified or notified in a timely manner when an employee separates from the District.
- We have found that there are adequate procedures in place to ensure that grade changes are documented and access to make the changes are limited to appropriate staff and appropriate time frames.

Maintenance of users and access levels is a critical control regarding access to district data. We reviewed user permissions and modifications to access levels within FM, IEP Direct and Infinite Campus and we note the following:

PELHAM UNION FREE SCHOOL DISTRICT
Report on Applying Agreed-Upon Procedures (Continued)
For the Period Ended September 30, 2016

- We reviewed a listing of user access permissions for FM with the District Treasurer. FM is the financial software system used by the District for most financial applications. As a result of our review, the District made changes in access levels in FM and some users were disabled.
- We reviewed a listing of users along with their permissions for IEP Direct with the Assistant Superintendent for Pupil Personnel Services and her Secretary and noted no exceptions. The IEP Direct software contains sensitive information regarding individual students' education plan.
- We met with the Principal of the HS, the Secretary at Colonial Elementary School and the Director of Guidance regarding their staffs' access to Infinite Campus. We also met with the Clerk in the IT Department who was able to show us staff access levels in Infinite Campus. We noted:
 - User accounts for Infinite Campus need to be reviewed and adjusted as we identified certain staff with incorrect access based on their current responsibilities within the District.
 - There was one instance where an employee who left the District was still active. We noted other instances where employees were deactivated, but had not been taken out of user groups.
 - Access rights need to be reviewed; we were informed that the middle school (MS) and high school (HS) Secretaries have the same access for all buildings. It should be reviewed if this is necessary and if there is a way to limit their access to only those buildings they support.

Review of payroll records of the IT Department personnel for 2 pay periods, noted:

- The salary for the Clerk in the IT Department is incorrectly being charged to the AV Library budget code (2610.160). This is a result of this employee previously working in this capacity and the budget code never being updated.
- Salary for a teacher aide working in the Makerspace classroom is incorrectly being charged to the IT Department budget.

Review of the IT budget for 2016-17 and comparison to the 2015-16 budget and the 2015-16 actual expenditures, noted:

- The adopted budget for the IT Department for 2015-16 was \$580,645, the adjusted budget was \$810,050 and the actual spending was \$621,256. The budget was adjusted for carry-over funds for a project to upgrade the phone system. The 2016-17 adopted budget is \$555,811 and the adjusted budget is \$635,816, which includes carry-over funds for instructional material.

Review of 25 disbursements and invoices for purchase orders for 5 of the largest IT vendors during the year, noted:

- The Department made purchases from vendors found on state contracts; however, we could not locate the pricing from the state contract. We were informed that no one in the Department matches the pricing on the quote to the pricing found on the state contract. There were instances noted where the auditor, together with the Clerk in the IT Department, attempted to lookup pricing on the NYS website; however, the contract had expired and been replaced by a new contract; therefore, we were unable to verify the pricing.

PELHAM UNION FREE SCHOOL DISTRICT
Report on Applying Agreed-Upon Procedures (Continued)
For the Period Ended September 30, 2016

- An invoice in the amount of \$5,727 had a quote attached for the scope of work to be provided; however, the quote did not have a breakdown of costs between labor and material to be able to agree to state contract pricing. There were two additional invoices for this same vendor; one for time and material and one for labor only, which we were unable to agree to state contract pricing.
- There are purchases made from the IT budget codes for software licenses, which were all approved by the Director of Technology; however, they were not reviewed and approved by the Assistant Superintendent for Curriculum.

Recommendations:

We recommend that the District consider implementing the following items to strengthen internal controls over the IT Department:

1. Develop a system to notify the IT Department when a staff member or a student separates from the District to ensure that all individuals who no longer need access to the District's network have been removed or disabled.
2. Review the possibility of implementing an electronic staff and student acceptable use policy. Prior to any staff or student being able to use any District system, they would have to electronically accept the policy. These procedures would require updates to certain Board policies.
3. Review FM user permissions on a regular basis to ensure that the permissions granted to employees are appropriate for their job.
4. Review a listing of users for Infinite Campus and compare it to an employee list to ensure that access for employees who are no longer with the District have been deactivated and removed from user groups. The IT Department should also review all user groups to ensure that the proper access has been granted to the employees of the group.
5. Review of salary budget codes on an annual regular basis to ensure that employees are charged to the correct budget codes.
6. When making a purchase from a state contract or bid, the Department should request that the vendor provide pricing for the items or services from the contract or bid, including detail of material and labor costs. We further recommend that an employee in the IT Department should agree the pricing from the contract to the price quote and/or invoice to ensure that they match.
7. Consider requiring that the Assistant Superintendent for Curriculum review and approve all purchases of licenses for software that are used for curriculum and instruction, in addition to the Director of Technology.