

York Central School

Dr. Daniel P. Murray, *Superintendent*

William R. McDonald, *Business Administrator*

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February 10, 2017

Office of NYS Comptroller
Division of Local Government & School Accountability
PSU – CAP Submission
110 State Street, 12th Floor
Albany, NY 12236

Unit Name: York Central School District
Audit Report Title: Online Banking
Audit Report Number: 2016M-295

For each recommendation included in the audit report, the following is our corrective action(s) taken or proposed. For recommendations where corrective action has not been taken or proposed, we have included the following explanations.

Audit Recommendation 1:

Ensure there are sufficient written agreements with any banks and those who perform online banking transactions are familiar with their content. Such agreements should address electronic transfers, include all accounts used for transfers, and list the Treasurer as an authorized user for ACH transactions.

Implementation Plan of Action:

The Bank of Castile (“the Bank”) is the bank we use for all electronic banking transactions. Our business administrator is authorized by the Bank to perform all electronic banking transactions. He has the sole right to authorize other users to perform electronic banking transactions. He has granted these rights to our district treasurer. They are currently the only two employees in our district with such access.

We inquired with the Bank about written agreements that authorize electronic transactions. The bank does not have such written agreements, but they do have procedures in place to safeguard who has access to perform electronic transactions. Both our business administrator and district treasurer had to go, in person, to the bank to sign an authorization form to be given online banking access.

Implementation Date:

N/A – already implemented

Persons Responsible for Implementation:

William McDonald, Business Administrator

Audit Recommendation 2:

Establish written online banking procedures as specified in the Board policy that adequately segregate duties and require independent verification of transfers. The procedures should also require the preparation of a monthly report detailing all online banking activity for review by staff independent of the online banking process and reconciled with the bank statement.

Implementation Plan of Action:

Board Policy 5510 is already in place to govern online banking procedures. We need to develop more specific administrative regulations to accompany this policy. Those regulations will address the segregation of duties, an independent verification of transfers, and a monthly online banking activity report that is reconciled with the bank statement by staff who are not involved in making online banking transactions. The administrative regulations will be recommended to the Board of Education for approval as part of Board Policy 5510.

Implementation Date:

June 1, 2017

Persons Responsible for Implementation:

William McDonald, Business Administrator

Daniel Murray, Superintendent of Schools

Audit Recommendation 3:

Enable notifications and other security measures available from the District’s bank, including email notifications that advise the Treasurer and Business Administrator every time an online transaction or fax occurs.

Implementation Plan of Action:

We inquired with the Bank and they do not have such notifications available. The Bank does have procedures in place that act as notifications for online transactions. The district treasurer can input online transaction requests. These requests are “on hold” until the business administrator logs in and approves them.

As you will see in our response to audit recommendation #5, we now have a dedicated computer that is the only computer to be used for online banking transactions. Given this, we intend to authorize the superintendent of schools as a third authorized user who can approve online transactions requests. This is to be proactive in rare cases where the business administrator is not physically on campus to approve online transactions.

Implementation Date:

May 1, 2017

Persons Responsible for Implementation:

William McDonald, Business Administrator

Audit Recommendation 4:

Require secondary authorization for increases to daily transfer limits.

Implementation Plan of Action:

We inquired with the Bank and they do not have this capability. The Bank, in effect, acts as the secondary authorizer since they monitor each and every transfer request. As stated earlier, the Bank also personally vets each person who is allowed to make online transfers.

Implementation Date:

Ongoing

Persons Responsible for Implementation:

William McDonald, Business Administrator

Audit Recommendation 5:

Designate a computer to be used only for online banking transactions.

Implementation Plan of Action:

We have procured a separate computer that is hard-wired to the Internet and has no wireless access capability. The computer is kept in a locked, secure cabinet. This computer is the only computer that is used for online banking transactions.

Implementation Date:

January 23, 2017

Persons Responsible for Implementation:

William McDonald, Business Administrator

Jeanne Saraceni, Director of Instructional Technology

Audit Recommendation 6:

Ensure that employees involved in the online banking process receive adequate Internet security awareness training.

Implementation Plan of Action:

Our IT staff provides this training on an on-going basis, as required, for any employees who have online banking access. Training is also offered to any new employee who is granted online banking access.

Implementation Date:

December 1, 2016

Persons Responsible for Implementation:

William McDonald, Business Administrator

Jeanne Saraceni, Director of Instructional Technology

This concludes our corrective action plan. We appreciate the insights you provided as they will help us to improve. Please contact me with any further questions or need for clarification.

Sincerely,

D. Murray

Daniel P. Murray
Supt. of Schools

Cc: New York State Education Department