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Tel: (518) 474-4037 Fax: (518) 486-6479

December 22, 2006

Mr. Ronald Smalls
District Superintendent
Southern Westchester BOCES
Lower Hudson Regional Information Center
44 Executive Boulevard
Elmsford, New York 10523

Report Number: 2006M-100

Dear District Superintendent Smalls:

The State Comptroller is statutorily required to audit all school districts, BOCES and charter schools in the State by March 31, 2010. The school district audits, done in conformance with generally accepted government auditing standards, often require us to contact a BOCES Regional Information Center to gather information about a school district's financial management system and information technology infrastructure. Since it would be burdensome for you to have multiple audit teams visit the Southern Westchester BOCES Lower Hudson Regional Information Center (RIC) to gather the same or similar information, we assigned one group of examiners to gather the needed information for the audits.

This examination was conducted pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution, and Article 3 of the General Municipal Law. Based on inquiries made during this examination of the financial software packages and technology infrastructure services provided to component (or cross-contracting) school districts by the RIC, we noted the following conditions that we would like to bring to your attention:

- RIC officials do not have a system in place to periodically review the access rights associated with RIC user accounts. This would ensure that each RIC employee has user rights appropriate with his or her current job duties.
- RIC personnel had unlimited access to the school districts' financial accounts systems. RIC staff had the ability to remotely enter into the financial software system at any of the school districts the RIC services. Furthermore, all RIC staff working on the Financial System Application service were "super users," giving them the ability to access all modules within the system. User accounts should provide RIC personnel with only the minimum access rights needed to complete their duties.

We hope that this information will help you identify areas where you can improve your operations. To keep our database of information current, we will be contacting appropriate RIC

officials within 90 days to update our information. Furthermore, we will likely continue to contact RIC officials annually to keep our information current.

To clarify, our inquiries on the financial management and infrastructure services that you provide to component (or cross-contracting) school districts is not part of the statutorily required audit of each BOCES. We will contact you again when we plan to start an audit of the BOCES.

The results of our examination were discussed with RIC and BOCES officials and their comments, which appear in Appendix A, have been considered in preparing this report. Officials generally agreed with the conditions cited in our final report and indicated they planned to initiate corrective action. OSC comments on the officials' response can be found in Appendix B.

The Southern Westchester BOCES Board has the responsibility to initiate corrective action. Pursuant to Section 35 of the General Municipal Law, Section 2116-a (3)(c) of the Education Law and Section 170.12 of the Regulations of the Commissioner of Education, the Board must approve a corrective action plan that addresses the findings in this report, forward the plan to our office within 90 days, forward a copy of the plan to the Commissioner of Education and make the plan available for public review in the Board Clerk's office. For guidance in preparing the plan of action, the Board should refer to applicable sections in the publication issued by the Office of the State Comptroller entitled *Local Government Management Guide*.

If you have any questions, please contact our Newburgh Regional Office at (845) 567-0858.

Sincerely,

Steven J. Hancox
Assistant Comptroller

APPENDIX A

RESPONSE FROM BOCES OFFICIALS

The response from BOCES and RIC officials can be found on the following pages.



BOCES Southern Westchester

THE BOARD OF COOPERATIVE EDUCATIONAL SERVICES

17 Berkley Drive, Rye Brook, New York 10573
(914) 937-3820 • fax (914) 937-7850

Ronald L. Smalls
District Superintendent

September 27, 2006

Buffalo Regional Office
295 Main Street
Room 1050
Buffalo, NY 14203

This letter is our response to the draft audit letter about the Lower Hudson Regional Information Center. I have included the three items that the auditors pointed out, followed by our response.

1. RIC officials do not have a system in place to periodically review the access rights associated with RIC user accounts. This would ensure that each RIC employee has user rights appropriate with his or her current job duties.

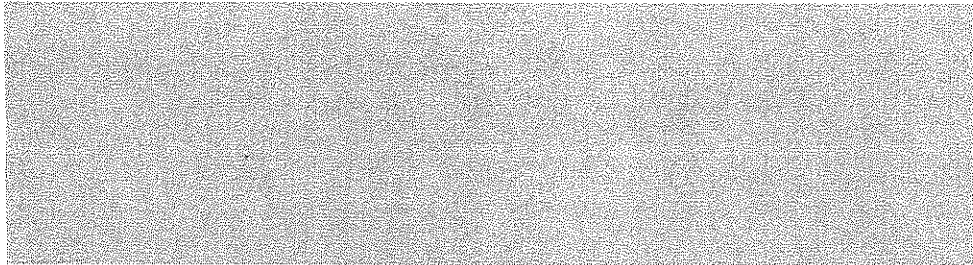
We agree with the above finding. We currently have detailed checklists in place to assign rights to a new employee as well as to delete rights when an employee leaves. In order to address the above finding, we will develop and implement a process to review the access rights of all employees on a regular scheduled interval.

2. RIC personnel had unlimited access to the school districts' financial accounts systems. RIC staff had the ability to remotely enter into the [REDACTED] system at any of the school districts that it services for [REDACTED]. Furthermore, all RIC staff working on the Financial System Application service were "super users," giving them the ability to access all modules within [REDACTED]. User accounts should provide RIC personnel with only the minimum access rights needed to complete their duties.

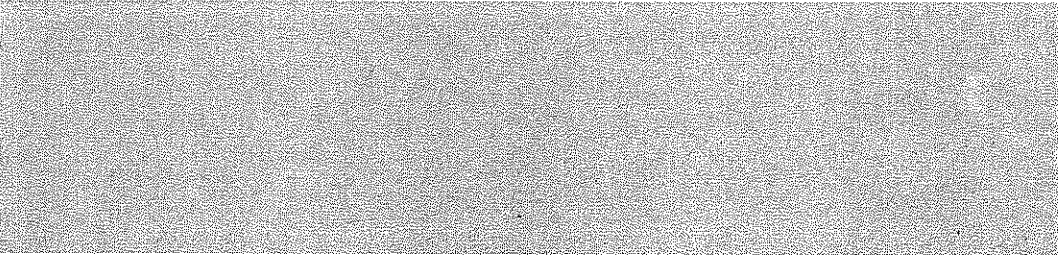
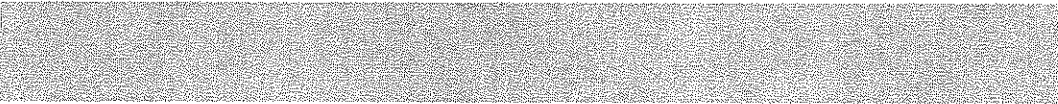
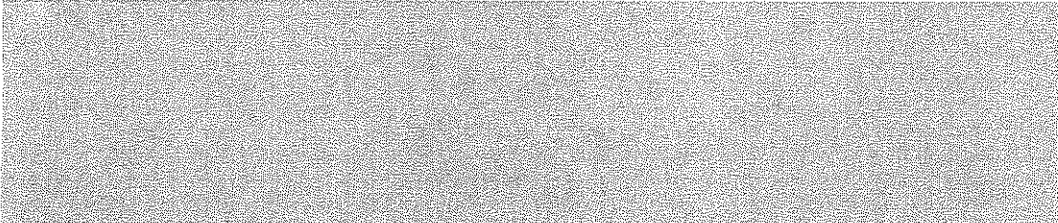
COMPONENT DISTRICTS: Ardsley, Blind Brook, Bronxville, Byram Hills, Dobbs Ferry, Eastchester, Edgemont, Elmsford, Greenburgh Abbott, Greenburgh Central Seven, Greenburgh Eleven, Greenburgh Graham, Greenburgh North Castle, Harrison, Hastings-on-Hudson, Hawthorne Cedar Knolls, Irvington, Mount Pleasant Blythedale, Mount Pleasant Central, Mount Pleasant Cottage, Mount Vernon, New Rochelle, Pelham, Pleasantville, Pocantico Hills, Port Chester, Rye City, Rye Neck, Scarsdale, The Tarrytowns, Tuckahoe, Valhalla, White Plains


We feel that the RIC staff needs access to the entire Financial System in order to perform their job duties, supporting the district staff and researching/resolving problems. However, we do understand the potential security risk that comes with this access. Therefore, to build in a system of checks and balances, we are proposing the following:

We will grant audit report only access to an employee in a non-financial department. We will then implement a procedure whereby this employee regularly prints the audit reports for all districts and cross checks that report with the helpdesk entries that detail what our support people were researching or fixing.

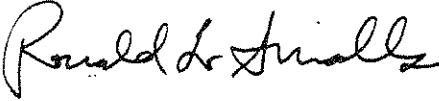


See
Note 1
Page 7





Sincerely,



Ronald L. Smalls

RLS/dl

APPENDIX B

OSC COMMENT ON THE BOCES RESPONSE

Note 1

Officials provided us with additional information after the completion of our fieldwork. As a result, we removed one finding from our final report. We redacted the officials' response on this matter because it contained confidential information that may raise security issues.