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October 5, 2007

Dr. Jessica F. Cohen  
District Superintendent  
Onondaga-Cortland-Madison BOCES  
P.O. Box 4754  
Syracuse, NY 13221-4754

Report Number: 2007M-182

Dear District Superintendent Cohen:

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 (RIC) to gather information about a school district's financial accounting system and information technology infrastructure. Since it would be burdensome for you to have multiple audit teams visit the 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 upon 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 want to bring to your attention:

- RIC personnel print checks for several school districts using signatures embedded in the software at the RIC. There is no requirement that the treasurer from the school district oversee the printing of the checks. Electronic signatures should remain under the control of the school district treasurer at all times. In addition, the RIC offers the service of folding and inserting the checks into envelopes and sealing the envelopes before returning them to the school districts for distribution. A school district could mitigate the weakness of the treasurer not overseeing the check printing if the treasurer compared the actual checks imprinted with his/her signature to the certified payrolls and approved warrants. However, school district treasurers will find it difficult to make this comparison if the checks are enclosed in envelopes, whether sealed or unsealed.
- At least eight RIC financial application support staff have access to the financial accounting applications and data of those districts that have their financial data processed by and stored at the RIC. On an annual basis, the RIC sends user access lists to the school districts for review and for updating; however, these lists do not include RIC personnel. In addition, school districts do not receive reports of data changes made or of processing activity performed by RIC personnel. A review of the complete user access

lists and of activity reports would serve as a mitigating control that could reduce the risk associated with providing RIC officials access to district financial systems.

- Onondaga-Cortland-Madison BOCES does not perform a complete, region-wide annual inventory of its technology assets, or require school districts to conduct annual inventories of BOCES equipment. BOCES staff periodically conduct inventories of technology assets located at the school districts. However, since such inventories are done only every three years or so, there is a risk that assets could be lost, stolen or misused without detection in a timely manner.
- The RIC has not periodically updated its disaster recovery plan. A Disaster Recovery Plan (DRP) - sometimes referred to as a Business Continuity Plan or Business Process Contingency Plan - describes how an organization will deal with potential disasters. A DRP consists of the steps an organization will take to minimize the effects of a disaster and provides for the maintenance or quick resumption of mission-critical functions. Without periodically updating the DRP and distributing it to responsible parties, certain aspects of the DRP may not function as expected in the event of a disaster, leaving BOCES business processes and continuity of services at risk.

We hope that this information will help you identify areas where you can improve your operations. We will 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 and recommendations have been 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 our recommendations and indicated they planned to initiate corrective action.

The BOCES Board has the responsibility to initiate corrective action. Pursuant to Section 35 of the General Municipal Law, the Board should prepare a plan of action that addresses the findings in this report letter and forward the plan to our office within 90 days. For guidance in preparing the plan of action, the Board may refer to applicable sections in the publication issued by the Office of the State Comptroller entitled *Local Government Management Guide*. We encourage the Board to make this plan available for public review in the Clerk of the Board's office.

If you have any questions, please contact our Syracuse regional office at 315-428-4192.

Sincerely,

Steven J. Hancox  
Deputy Comptroller  
Division of Local Government  
and School Accountability

September 24, 2007

Mr. Steven Hancox  
Office of the State Comptroller  
Syracuse Regional Office  
State Office Building, Room 409  
333 East Washington Street  
Syracuse, New York 13202

Re: Report Number: 2007M-182

Thank you for the opportunity to provide a formal response to the preliminary draft findings of the recent examination of the Central New York Regional Information Center.

As we discussed in the September 6, 2007 exit conference, there are areas of additional information that we believe impact your findings:

**COMPTROLLER'S FINDING:**

RIC personnel print checks for several school districts using signatures embedded in the software at the RIC. There is no requirement that the treasurer from the school district oversee the printing of the checks. Electronic signatures should remain under the control of the school district treasurer at all times. In addition, the RIC offers the service of folding and inserting the checks into envelopes and sealing the envelopes before returning them to the school districts for distribution. A school district could mitigate the weakness of the treasurer not overseeing the check printing if the treasurer compared the actual checks imprinted with her/his signature to the certified payrolls and approved warrants. However, school district treasurers will find it difficult to make this comparison if the checks are enclosed in envelopes, whether sealed or unsealed.

**Response:**

Digital check signing is a standard function of all financial management software packages used in New York State. The software vendors realize that districts appreciate this feature as it provides efficiencies. It is our understanding that there are checks and balances currently in place for the signature print process. In at least one of our software packages, the CNYRIC can only print checks when the payroll is closed electronically by the authorized personnel from each district.

We will work with the vendors of our financial packages and the school business officials throughout the region to discuss ways to mitigate any potential weaknesses.

**COMPTROLLER'S FINDING:**

At least eight RIC financial application support staff have access to the financial accounting applications and data of those districts that have their financial data processed by and stored at the RIC. On an annual basis, the RIC sends user access lists to the school districts for review and for updating; these lists do not include RIC personnel. In addition, school districts do not receive reports of data changes made or of processing activity performed by RIC personnel. A review of the complete user access lists and of activity reports would serve as a mitigating control that could reduce the risk associated with providing RIC officials access to district financial systems.

**Response:**

When the user access lists are sent to the districts for verification, the lists will include any RIC financial application support members.

Each of the systems has a type of report that can be printed to reflect changes. The RIC will provide step by step instructions to the Business Officials as to how to request these reports so that they may do so at any time.

The above information will be provided to the Business Officials by October 15, 2007.

**COMPTROLLER'S FINDING:**

Onondaga-Cortland-Madison BOCES does not perform a complete, region-wide annual inventory of its technology assets, or require school districts to conduct annual inventories of BOCES equipment. BOCES staff periodically conducts inventories of technology assets located at the school districts. However, since such inventories are done only every three years or so, there is a risk that assets could be lost, stolen or misused without detection in a timely manner.

**Response:**

Onondaga-Cortland-Madison BOCES has made significant improvements to its fixed asset inventory process over the past year. However, as noted in the OSC report, we currently do not complete an annual physical inventory of all technology assets. The area served by the CNY Regional Information Center is nearly 4000 square miles and encompasses over 230 buildings so it would not be cost-effective for OCM BOCES to hire sufficient staff to perform the on-site physical inventory. OCM BOCES will develop procedures to require each of the school districts to conduct annual technology inventories and report the results to the OCM BOCES Asset Management department.

**COMPTROLLER'S FINDING:**

The RIC has not periodically updated its disaster recovery plan. A Disaster Recovery Plan (DRP) – sometimes referred to as a Business Continuity Plan or Business Process Contingency Plan – describes how an organization will deal with potential disasters. A DRP consists of the steps an organization will take to minimize the effects of a disaster and provides for the maintenance or quick resumption of mission-critical functions.

Without periodically updating the DRP and distributing it to responsible parties, certain aspects of the DRP may not function as expected in the event of a disaster, leaving BOCES business processes and continuity of services at risk.

**Response:**

Meetings were held to review the entire Regional Information Center Disaster Recovery Plan (DRP) on September 10 and 13. In an effort to follow good organizational business practice for maintenance and for quick resumption of mission critical applications we will review general procedures and set a regular schedule for annual review, testing, and sign off. We will also include in our procedures the review and notification process as well as emergency contact information for all responsible management personnel assigned to mission critical applications.

Please do not hesitate to contact me should you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessica F. Cohen". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jessica F. Cohen, Ph.D  
District Superintendent