

North Shore Schools
Audit Committee Meeting
May 5, 2022
7:15 P.M.
North Shore High School Library

Present: Trustees David Ludmar, Sara Jones, Richard Galati, Andrea Macari, Maria Mosca, Marianne Russo. Trustee Lisa Colacioppo, Ms. Angela Levas and Mr. Andrew Spieler were absent.

Also present: Interim Superintendent Thomas Dolan, Assistant Superintendents Olivia Buatsi and Christopher Zublionis, Denise Longobardi, Claims Auditor, and Dimitris Bantileskas of Nawrocki Smith, Internal Auditors

Denise Longobardi, Claims Auditor, reviewed her summary report for 2021-2022. She explained that four of the nine months this year there have been no exceptions. She commended the District for this result and especially Ms. Buatsi and her staff. Ms. Longobardi explained that this has been a transition year with two key people retiring, one in the accounts payable department and one in the payroll department. She further explained that the standards have remained with this transition, and the months where there were exceptions stemmed from the end of year and mostly from the prior year when there was a shut down. She further stated that the new people are working out very well and the team is doing what needs to be done. Dr. Dolan added that Ms. Buatsi has chosen good replacements and the team is working well.

Dimitris Bantileskas of Nawrocki Smith explained that the risk assessment is a state mandated report. It is the assessment of risk profile. An area found to be of high risk is if there are no controls or policies in place. Their review looks for an environment of low-risk areas where policies are in place, there is a segregation of duties and there are checks and balances. Mr. Bantileskas further explained that the first part of their internal audit was a cycle review of the budget and fund balance. This evening he will review the risk assessment report giving the District areas they need to focus on and so the District can develop a risk assessment plan for the 2022-2023 year.

Mr. Bantileskas reported that their annual risk assessment was very extensive and covered 92 areas. They conducted interviews and reviewed multiple documents including financial statements, the organizational chart, policies and procedures, bank reconciliation and audit reports from prior years.

Mr. Bantileskas reported that in a 3-year period there were zero areas that were found to be high risk. 90 of the 92 areas looked at are low risk which is a positive risk profile for the District and is a 97.83% low risk, Mr. Bantileskas called this very impressive. He went on to say this means there is adequate oversight, that all policies, procedures are being followed, there are good controls, and the risk management process is in place. The other 2 areas are considered moderate risk.

Mr. Bantileskas also reported that corrective action on the prior year's recommendations, capital projects has been completed.

For next year's cycle review, they suggest either a review of cyber security or Human Resources. They have 2 recommendations in the area of cyber security. They recommend continuing the efforts in soliciting for a consultant to conduct cyber security gap analysis, a component for every school district in New York under Ed Law 2d to identify any gaps. The other recommendation is to develop a stand-alone

incident response plan to assist the District in what measure to take to minimize the interruption if there is ransomware attack.

Trustee Jones said she understands there are risks with cyber security, are there outside firms the District should hire to do the cyber security work. She also noted that the District has had a number of issues with Human Resources and it is a huge chunk of what the Business office does so she wondered if there is a way to focus the internal audit on that while using outside contractors for the cyber security piece. Mr. Bantileskas explained that their recommendation is the District hire someone to do NIS-Gap work for a penetration test. He said it is very detailed testing and will identify vulnerabilities. He went on to say Nawrocki Smith does that type of analysis and will work with the IT department. They look at all 18 controls identified by the federal government as part of Ed Law 2d. This analysis provides a metric of where the District is in compliance, or not. The entire analysis takes about 3-4 months to complete.

Trustee Russo asked if there is insurance in place in case of a cyber breach. Ms. Buatsi said yes, the District is insured for this. She went on to say she feels they should speak to Mr. Kaye to get his input but she believes cyber security is as important as an audit of the HR department.

President Ludmar asked if there is a higher level of inherent risk for cyber security. He went onto say in looking at what has happened at other districts, were the procedures of those districts who have fallen prey better or worse than ours and will the NIS-GAP analysis tell us that. Mr. Bantileskas explained that the NIS-Gap analysis will give that information. He went on to say the government also has tiers based on that analysis. President Ludmar noted that currently we are at the moderate level now due to the inherent risk. He asked after 3-4 months of analysis, reviewing multiple documents and conducting several interviews, when will they share their findings with the board. Mr. Bantileskas explained that they have shared some information on how they can approach the audit, and on the NIS-gap analysis with Ms. Buatsi and Mr. Kaye. They can put together an internal audit plan for the Board. He explained that there would be a separate engagement letter for this audit. President Ludmar said they will look at all of the options.

Trustee Mosca asked about the second recommendation relating to cyber security, the stand-alone response plan. She asked if this already exists. Mr. Bantileskas explained there is one included with the disaster recovery plan, but to be in compliance with the requirements of Ed Law 2d and the cyber-security NIS framework, they would include this with their audit.

Trustee Jones asked about the implementation of the student data management system. Mr. Bantileskas explained that from the prior year recommendation, there were improvements in this area.

Finally, Mr. Bantileskas noted that the risk assessment report is in draft form. He asked if the audit committee would like to reconvene once they have decided what areas they would like to proceed on next year and to finalize the draft. President Ludmar said Dr. Dolan will work on that and get back to him.

The meeting was adjourned at 7:50 p.m.

By: Elizabeth Ciampi
District Clerk