



Dutchess County Board of Cooperative Educational Services

User Access Rights

Report of Examination

Period Covered:

July 1, 2014 – March 10, 2016

2016M-213



Thomas P. DiNapoli

Table of Contents

	Page
AUTHORITY LETTER	1
INTRODUCTION	2
Background	2
Objective	2
Scope and Methodology	2
Comments of BOCES Officials and Corrective Action	3
USER ACCESS RIGHTS	4
Recommendations	5
APPENDIX A Response From BOCES Officials	6
APPENDIX B OSC Comment on BOCES' Response	8
APPENDIX C Audit Methodology and Standards	9
APPENDIX D How to Obtain Additional Copies of the Report	10
APPENDIX E Local Regional Office Listing	11

State of New York Office of the State Comptroller

Division of Local Government and School Accountability

August 2016

Dear Board of Cooperative Educational Services (BOCES) Officials:

A top priority of the Office of the State Comptroller is to help BOCES officials manage BOCES resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support BOCES operations. The Comptroller oversees the fiscal affairs of BOCES statewide, as well as BOCES' compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving BOCES operations and Board of Education governance. Audits also can identify strategies to reduce BOCES costs and to strengthen controls intended to safeguard BOCES assets.

Following is a report of our audit of the Dutchess County BOCES, entitled User Access Rights. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law.

This audit's results and recommendations are resources for BOCES officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*

Introduction

Background

The Dutchess County Board of Cooperative Educational Services (BOCES) is an association of 13 component school districts. BOCES is governed by a seven-member Board of Education (Board) elected by the boards of the component districts. The Board is responsible for the general management and control of BOCES' financial and educational affairs.

The District Superintendent is BOCES' chief executive officer and is responsible, along with other administrative staff, for day-to-day BOCES management and for regional educational planning and coordination. The District Superintendent is an employee of both BOCES and the New York State Education Department. As such, the District Superintendent also serves as a representative for the New York State Commissioner of Education.

The 13 component school districts educate approximately 40,300 students in Dutchess County. BOCES delivers more than 100 educational and administrative services to its component school districts, as well as non-component districts, and employs 631 staff members. The 2015-16 fiscal year budget of approximately \$67.4 million is funded primarily by charges to school districts for services and State and federal aid.

Objective

The objective of our audit was to examine user access rights. Our audit addressed the following related question:

- Are BOCES' IT access controls adequate?

Scope and Methodology

We examined BOCES' IT access controls for the period July 1, 2014 through March 10, 2016. Because of the sensitivity of some of this information, we did not discuss the results in this report, but instead communicated them confidentially to BOCES officials.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix C of this report. Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

**Comments of BOCES
Officials and Corrective
Action**

The results of our audit and recommendations have been discussed with BOCES officials, and their comments, which appear in Appendix A, have been considered in preparing this report. Except as indicated in Appendix A, BOCES officials generally agreed with our findings and indicated they plan to initiate corrective action. Appendix B includes our comment on an issue raised in BOCES' response.

The Board has the responsibility to initiate corrective action. Pursuant to Section 35 of General Municipal Law and Section 170.12 of the Regulations of the Commissioner of Education, a written corrective action plan (CAP) that addresses the recommendations in this report must be prepared and provided to our office within 90 days, with a copy forwarded to the Commissioner of Education. To the extent practicable, implementation of the CAP should begin by the end of the next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. The Board should make the CAP available for public review in BOCES' administration office.

User Access Rights

The Board is responsible for adopting policies and procedures and BOCES officials are responsible for implementing internal controls to safeguard computerized data and assets. Computerized data is a valuable resource; BOCES officials rely upon this data for making financial decisions and reporting to State and federal agencies. The concept of segregation of duties in a computer environment is the same as in a manual system. Key tasks and responsibilities should be divided among various employees and sub-units of the computer operations.

Access to the module for creating new vendors should be segregated from employees who authorize purchases or approve claims for payment. The addition, deletion and update of vendors in the system should be centralized to avoid the creation of duplicate vendor accounts. The Learning Technology Coordinator is the network administrator and the Secretary to the Assistant Superintendent for Business is the accounting system administrator (administrator). Collectively, they are responsible for safeguarding BOCES' information technology (IT) system.

BOCES officials have not implemented appropriate access controls and did not implement procedures to delete inactive employees from the active directory and the accounting system on a timely basis. As a result of these weaknesses, BOCES' computerized data is at an increased risk of loss or misuse due to unauthorized access.

In addition, BOCES officials have not implemented access controls to ensure proper segregation of duties in the computer system or limited access to users based on their job descriptions and responsibilities. Vendors doing business with BOCES must be entered into the financial software prior to creating a requisition. Access to these vendor files should be limited to an employee in the purchasing department who does not authorize purchases or approve claims for payment.

However, all 83 users have access to the vendor module and can add, delete and update vendors' files; nine of those users can finalize the changes. As a result, duplicates existed in the system because users created new vendor files when entering purchases for existing vendors. We reviewed the duplicate vendor list, which contained nine duplicate vendor names with different identification (ID) numbers, 59 duplicate vendor addresses with different ID numbers and names, and 78 duplicate vendor ID numbers with different names. Although all the vendors in the duplicate list appear to be for legitimate

BOCES expenses, BOCES officials need to monitor the addition of vendors. The accounts payable supervisor told us that she removes the duplicates each time she notices them.

Inadequate access controls within the software applications increases the risk that fictitious vendors can be created and go undetected. We provided the administrator with all the duplicates, and she told us that they will review them and make the necessary corrections.

Recommendations

BOCES officials should:

1. Ensure that access to the vendor module is given to specific users based on their job descriptions and responsibilities.
2. Ensure duplicate vendors are removed from the vendor list.

APPENDIX A

RESPONSE FROM BOCES OFFICIALS

The BOCES officials' response to this audit can be found on the following page.

5 BOCES Road, Poughkeepsie, New York 12601
Phone: 845.486.4800 ext. 2215 | Fax: 845.486.4821
E-mail: sherre.wesley@dcboces.org

August 3, 2016

Ms. Tenneh Blamah, Chief Examiner
of Local Government and School Accountability
Office of the State Comptroller
33 Airport Center Drive, Suite 103
New Windsor, NY 12553

Dear Ms. Blamah:

Thank you for recommendations as to how we can improve Dutchess BOCES operations, and for the opportunity to respond to the Comptroller's Audit report. We support continuous improvement, and appreciate your identification of areas where advancement might be made. With regards to the report, we agree with the overall recommendations but offer the following clarifications:

1. With regards to the vendor module, we note that there are several levels of access within the software. Of the 83 total users, 52 people have access to the vendor module, and 9 of them are able to finalize a change. Users with access to the vendor module are able to add **Pending** Vendors, but not to finalize their creation. Nine users can actually finalize the creation of a vendor. We will review all users' access, and ensure it is limited to the areas required by their job responsibilities.
2. We will review all duplicate vendors, designate those not in current use as **inactive**, and establish a regular schedule for monitoring vendor duplicates. Permanent removal is not prudent as it would cause the loss of the associated purchasing history. There are some reasons for duplicates, for example where there are several subsidiaries of the same parent company, but we will make every effort to keep such duplicates to a minimum.

See
Note 1
Page 8

In closing, we acknowledge and appreciate the professionalism and courtesy shown by your staff during the recent audit.

Sincerely,

Richard M. Hooley, Ed.D.
District Superintendent

Dutchess County Board of Cooperative Educational Services
Administrative Offices: 845.486.4800
www.dcboces.org

APPENDIX B

OSC COMMENT ON BOCES' RESPONSE

Note 1

We amended the report to include the nine users who can finalize the changes to the vendors' files.

APPENDIX C

AUDIT METHODOLOGY AND STANDARDS

To achieve our audit objective and obtain valid evidence, we performed the following procedures:

- We reviewed the financial system access rights to ensure that access is based on job duties.
- We reviewed disbursement history to ensure consistency in vendors' information and note any duplicates identified.
- We interviewed staff to gain an understanding of the financial software and employees' access rights.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

APPENDIX D

HOW TO OBTAIN ADDITIONAL COPIES OF THE REPORT

To obtain copies of this report, write or visit our web page:

Office of the State Comptroller
Public Information Office
110 State Street, 15th Floor
Albany, New York 12236
(518) 474-4015
<http://www.osc.state.ny.us/localgov/>

APPENDIX E
OFFICE OF THE STATE COMPTROLLER
DIVISION OF LOCAL GOVERNMENT
AND SCHOOL ACCOUNTABILITY

Andrew A. SanFilippo, Executive Deputy Comptroller
Gabriel F. Deyo, Deputy Comptroller
Tracey Hitchen Boyd, Assistant Comptroller

LOCAL REGIONAL OFFICE LISTING

BINGHAMTON REGIONAL OFFICE

H. Todd Eames, Chief Examiner
Office of the State Comptroller
State Office Building, Suite 1702
44 Hawley Street
Binghamton, New York 13901-4417
(607) 721-8306 Fax (607) 721-8313
Email: Muni-Binghamton@osc.state.ny.us

Serving: Broome, Chenango, Cortland, Delaware,
Otsego, Schoharie, Sullivan, Tioga, Tompkins Counties

BUFFALO REGIONAL OFFICE

Jeffrey D. Mazula, Chief Examiner
Office of the State Comptroller
295 Main Street, Suite 1032
Buffalo, New York 14203-2510
(716) 847-3647 Fax (716) 847-3643
Email: Muni-Buffalo@osc.state.ny.us

Serving: Allegany, Cattaraugus, Chautauqua, Erie,
Genesee, Niagara, Orleans, Wyoming Counties

GLENS FALLS REGIONAL OFFICE

Jeffrey P. Leonard, Chief Examiner
Office of the State Comptroller
One Broad Street Plaza
Glens Falls, New York 12801-4396
(518) 793-0057 Fax (518) 793-5797
Email: Muni-GlensFalls@osc.state.ny.us

Serving: Albany, Clinton, Essex, Franklin,
Fulton, Hamilton, Montgomery, Rensselaer,
Saratoga, Schenectady, Warren, Washington Counties

HAUPPAUGE REGIONAL OFFICE

Ira McCracken, Chief Examiner
Office of the State Comptroller
NYS Office Building, Room 3A10
250 Veterans Memorial Highway
Hauppauge, New York 11788-5533
(631) 952-6534 Fax (631) 952-6530
Email: Muni-Hauppauge@osc.state.ny.us

Serving: Nassau and Suffolk Counties

NEWBURGH REGIONAL OFFICE

Tenneh Blamah, Chief Examiner
Office of the State Comptroller
33 Airport Center Drive, Suite 103
New Windsor, New York 12553-4725
(845) 567-0858 Fax (845) 567-0080
Email: Muni-Newburgh@osc.state.ny.us

Serving: Columbia, Dutchess, Greene, Orange,
Putnam, Rockland, Ulster, Westchester Counties

ROCHESTER REGIONAL OFFICE

Edward V. Grant, Jr., Chief Examiner
Office of the State Comptroller
The Powers Building
16 West Main Street, Suite 522
Rochester, New York 14614-1608
(585) 454-2460 Fax (585) 454-3545
Email: Muni-Rochester@osc.state.ny.us

Serving: Cayuga, Chemung, Livingston, Monroe,
Ontario, Schuyler, Seneca, Steuben, Wayne, Yates Counties

SYRACUSE REGIONAL OFFICE

Rebecca Wilcox, Chief Examiner
Office of the State Comptroller
State Office Building, Room 409
333 E. Washington Street
Syracuse, New York 13202-1428
(315) 428-4192 Fax (315) 426-2119
Email: Muni-Syracuse@osc.state.ny.us

Serving: Herkimer, Jefferson, Lewis, Madison,
Oneida, Onondaga, Oswego, St. Lawrence Counties

STATEWIDE AUDITS

Ann C. Singer, Chief Examiner
State Office Building, Suite 1702
44 Hawley Street
Binghamton, New York 13901-4417
(607) 721-8306 Fax (607) 721-8313