



# Huntington Union Free School District

James W. Polansky | Superintendent of Schools

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Mr. Ira McCracken, Chief Examiner  
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Unit Name: Huntington Union Free School District  
Audit Report Title: Online Banking  
Audit Report Number: 2022M-178

Dear Mr. McCracken:

The Huntington School District is in receipt of report 2022M-178, issued following the recent audit conducted by examiners from the State Comptroller's office. On behalf of the Board of Education and district administration, I'd like to thank the examiners for their time, effort, guidance and professionalism in reviewing the district's processes and internal controls related to online banking. In that the suggestions made by the examiners have either already been implemented or are near implementation as documented within the report, please allow this correspondence to serve as both the district's response and correction action plan.

We appreciate acknowledgement of the fact that all online banking transactions within the district were made appropriately and for legitimate purposes, as well as recognition of the ongoing efforts of our business office staff in this regard. In addition, we appreciate the opportunity to strengthen our internal controls and further the district's cybersecurity efforts during a time when such risks have never been higher.

**Audit Recommendation 1:** Adopt an online banking policy that describes authorized online banking activities and procedures for authorizing, processing and reviewing online banking transactions.

*Plan of Action:* The Huntington Board of Education has adopted a dedicated online banking policy (Board Policy 5515), which incorporates all recommended provisions.

*Implementation Date:* January 9, 2023 (date of formal adoption)

*Person(s) Responsible:* Assistant Superintendent of Finance & Management Services, Superintendent of Schools, Board of Education

**Audit Recommendation 2:** Establish sufficient written agreements with all banks in compliance with GML and ensure those who perform online banking transactions are familiar with their content.

*Plan of Action:* Enter into formal agreements with two banks wherein the district maintains accounts and performs banking transactions that follow General Municipal Law and address electronic or wire transfers. Bank #1 maintains accounts for over 300 school districts but did not offer its clients an agreement that follows General Municipal Law and addresses electronic or wire transfers. The District has actively been working Bank #1 and the bank's legal department to develop an agreement as outlined in the Local Government Management guide.

*Implementation Date for Bank #1:* March 1, 2023 or as soon as new agreement is finalized.

*Implementation Date for Bank #2:* Pertinent agreement executed on September 28, 2022

*Person(s) Responsible:* Assistant Superintendent of Finance & Management Services

**Audit Recommendation 3:** Establish online banking procedures that adequately segregate duties, so that one individual cannot perform all phases of online banking transactions, or establish mitigating monitoring procedures.

*Plan of Action:* The district has developed procedures ensuring that no one individual will have system rights to create and authorize any electronic fund transfer. The District Treasurer will be assigned 'creation rights' for electronic fund transfers, as appropriate. A second individual (Business Official or Accountant) will be assigned rights to authorize or release a wire transfer, ACH or other electronic transfer of funds.

*Implementation Date:* New procedures implemented November 1, 2022

*Person(s) Responsible:* Assistant Superintendent of Finance & Management Services

**Audit Recommendation 4:** Dedicate a computer workstation for the sole purpose of performing online banking transactions.

*Plan of Action:* A dedicated computer has been installed in the District treasurer's office for the sole purpose of performing online banking transactions.

*Implementation Date:* Installation completed on October 14, 2022

*Person(s) Responsible:* Assistant Superintendent of Finance & Management Services

**Audit Recommendation 5:** Provide periodic Internet security awareness training to all employees who conduct online banking.

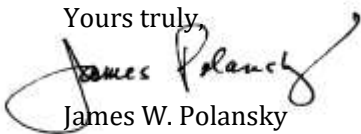
*Plan of Action:* Management had already developed an annual Internet security awareness training program and has additionally contracted Global Compliance Network to provide supplemental training, as needed, throughout each year.

*Implementation Date:* Training was provided to the cited individuals on August 19 and 26, 2022.

*Person(s) Responsible:* Assistant Superintendent of Finance & Management Services

Please do not hesitate to contact me should you have any further questions.

Yours truly,



James W. Polansky  
Superintendent of Schools