

LESSON PLAN

**VOL.27
FALL 2022**

**MANDATORY FEDERAL
PREMIUM REPORTING REQUIREMENT**

**EXTRA-CLASSROOM ACTIVITY FUNDS:
TAP INTO THE MIND OF AN AUDITOR**

**CONFERENCES, LUNCHEONS, AND GIFTS,
OH MY!**

**2022-2023
CYBER INSURANCE OUTLOOK**

...AND MORE!

BRINGING A UNIQUE UNDERSTANDING OF KEY ISSUES FACING PUBLIC SCHOOL DISTRICTS

FROM THE EDITOR - SHARI DIAMOND, CIA

Time to break out the rake, put on cozy sweaters, drink hot cocoa, and get ready for lots of holiday fare. It's also the time to get the state reporting and the financial audits completed. The new school year always has a lot going on. This year has started out pretty normal so far and for that we all have a lot to be thankful for.

In this edition of the Lesson Plan, we have lots of treats to help you with the start of the school year including:

- ▶ *Extraclassroom best practices*
- ▶ *Cybersecurity insurance tips*
- ▶ *Year-end and new school year features in Finance Manager nVision accounting and payroll modules*
- ▶ *Legal facts about gift of public funds*
- ▶ *E-Rate program explained*
- ▶ *A breakdown on the new regulations for substantially equivalent instruction*

And much more!

Before you know it, we will be voting on the school budgets. The best you can plan, the better. We pride ourselves in being a resource to our public-school community and welcome hearing from you.

Here's to a wonderful year ahead! Wishing everyone a safe, happy, and healthy fall and winter. We'll see you in the spring!

HEALTHCARE WORKER BONUS PROGRAM

When the Healthcare Worker Bonus (HWB) program was unveiled in August, educational organizations were included in the list of eligible employers, but with little clarification as to which ones or who would be covered. At the end of August, a memo was distributed by the New York State Education Department (NYSED) confirming that nonpublic schools, charter schools, approved preschool special education programs, school districts, and boards of cooperative educational services were all included and reiterated that the education portion of the bonus program will roll-out in October 2022.

We continue to stay on top of this new program and are hoping to get more clarity on how to apply the HWB regulations to school districts. For more information on this program, [please check out our article and recording website here!](#)

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NEW REGULATIONS FOR SUBSTANTIAL EQUIVALENCY OF INSTRUCTION FOR PRIVATE SCHOOLS

Below are highlights of the amendments:

- ▶ Section 130.2 states that LSA's are required to determine whether nonpublic schools within their geographical boundaries are substantially equivalent and are to forward a recommendation and supporting documents to the Commissioner for final determination (*except for nonpublic schools that are already deemed substantially equivalent or for which the Commissioner is required to make that determination*).
- ▶ Section 130.3 provides the criteria for whether a nonpublic school shall be deemed substantially equivalent such as a 4201 school. The Commissioner may still request the LSA provide evidence of the determination, and if this is not accepted, the Commissioner shall direct the LSA to conduct a review in accordance with section 130.6 or submit a recommendation to the Commissioner in accordance with section 130.8.
- ▶ Section 130.4 describes the timelines for the LSA to perform and submit the results of the review. For a new nonpublic school, the review must occur within the first 2 years of when the nonpublic school commences instruction and every 7 years thereafter. For nonpublic schools that are in existence, the review must be conducted by the end of the 2024-2025 school year and then every 7 years thereafter. If the LSA does not demonstrate sufficient progress towards reviewing the school by the end of the 2023-2024 school year, this may result in the Commissioner withholding public money from the LSA.
- ▶ Section 130.5 provides the procedures for conducting the review using the criteria outlined in the regulation. The rules indicate that the LSA superintendent or designee must review all nonpublic schools in the LSA's geographic boundaries and require that the LSA will include at least one site visit to the nonpublic school.

On September 13, 2022, the NYS Board of Regents finalized the substantial equivalency rules requiring private schools to prove they meet education standards. The rule became effective September 28, 2022.

Education Law currently provides that *“instruction given to a minor elsewhere than at a public school shall be at least substantially equivalent to the instruction given to minors of like age and attainments at the public schools of the city or district where the minor resides.”* In determining equivalency, the local public school and the nonpublic or private school can be best served by working together to ensure such equivalency in curriculum and instruction is in place. This can be tricky if a student attends a nonpublic school outside the district boundaries where the student resides. Nonetheless, the amendments, which include a newly added Part 130 to the Regulations, does place most of the burden on the **Local School Authority (LSA)** to assess such equivalency.



- ▶ Section 130.6 defines the process for preliminary determinations and final determinations. For a preliminary determination that results where the nonpublic school has not sufficiently demonstrated substitution equivalence, the LSA must:
 - ▶ *inform the nonpublic school administrator and provide the reasons for the determination*
 - ▶ *notify the Department*
 - ▶ *collaboratively develop within 60 days a timeline and plan to attain substantial equivalency (the timeline cannot exceed the end of the next academic year following the year in which the preliminary determination was made)*
 - ▶ *continue services to the nonpublic school during this time period*
 - ▶ *render the final determination no later than 60 days at the end of the timeline*

For final determinations, the superintendent or designee must make a recommendation to the board of the result of the determination (*either “positive” where deemed to be providing at least substantially equivalent instruction or “negative” if it is deemed it is not equivalent*). Once the LSA is notified, the LSA must vote on the recommendation at a regular board meeting. If a positive determination, the LSA must provide such notification in writing to the nonpublic school, the superintendent(s) of schools of each of the districts which have resident students enrolled in the nonpublic school, and the Department which must post the determination on its website. If a negative determination, the nonpublic school will **NO LONGER** be deemed a school that provides compulsory education. The LSA must provide written notification of the determination to the nonpublic school, and the board must provide a reasonable timeframe (*not yet defined*) for parents or guardians to enroll their child(ren) in a different appropriate educational setting. Services to the nonpublic school and students (*e.g., textbooks, special education, transportation, etc.*) must continue until the end of the reasonable timeframe (*not yet defined*).

- ▶ Section 130.7 contains various timelines:
 - ▶ September 1, 2023 and each September 1 thereafter for the LSA to report a list of all nonpublic schools within the LSA geographical boundaries.
 - ▶ December 1, 2023 and each December 1 thereafter for LSA to report to the Department a list of all nonpublic schools in the LSA's boundaries that meet and do not meet section 130.3, and the remaining nonpublic schools for which the LSA is responsible for making the final substantial equivalency determination.
 - ▶ December 1, 2024 and each December 1 thereafter, the LSA is to attest to whether they have or have not yet made final substantial equivalency determinations and recommendations for each of the nonpublic schools within their boundaries.
- ▶ Section 130.8 includes the procedures for the Commissioner's determination of substantial equivalency.
- ▶ Section 130.9 provides the criteria for the Commissioner in reviewing a nonpublic school for substantial equivalency.
- ▶ Section 130.10 provides the rules for conducting reviews of nonpublic schools.
- ▶ Section 130.11 defines the complaint procedures received by the Commissioner. It also states that the Commissioner may withhold public money from an LSA that has not investigated a complaint should the Commissioner have reasonable suspicion to doubt the substantial equivalency of a nonpublic school.
- ▶ Section 130.12 provides the process for filing an appeal from an LSA's substantial equivalency determination.
- ▶ Section 130.13 states that the Commissioner may request records and/or documentation an LSA used to make the final determination and the LSA must provide the requested information within 10 days.
- ▶ Section 130.14 prescribes the penalties and enforcement for noncompliance.

Stay tuned for more details as the new regulations unfold.

SHARI DIAMOND, CIA
PARTNER





EXTRA-CLASSROOM ACTIVITY FUNDS: TAP INTO THE MIND OF AN AUDITOR

Where to begin? **Extra-classroom activity funds (ECAF)** are funds from an organization that are separate from a district but that also relies on the district to operate. In the past five years, school districts have felt the heat of audits of extra-classroom activities more and more, especially when **extra-classroom activities (ECAs)** were determined to be fiduciary activities of each district for purposes of accounting and reporting.

All districts look forward to receiving an unmodified opinion (*or what is more known as a clean opinion*) from their independent, external auditors. However, many district have been receiving a modified opinion from their independent, external auditors on their extra-classroom activity funds financial statement audit report. A modified opinion suggests that there was something that inhibited a district from receiving a clean audit opinion. This area is not only being scrutinized by a district’s external auditors; the State Comptroller’s Office has joined the party.

We understand the frustration you are feeling. ECAF is supposed to be outside of the control of the district and is the funds are a fraction of the incoming and outgoing funds being monitored by a district. And, that is why we are here. We are here to help you be more prepared an ensure the ECAF funds are being better controlled!

So, let’s begin.

EXTRA-CLASSROOM ACTIVITIES AND FUNDS – WHAT ARE THEY?

Per Regulations of the Commissioner of Education, they are funds raised other than by taxation or through charges of a board of education, for, by or in the name of a school, student body or any subdivision thereof. The purpose of ECAs is for students to gain experience in good business procedures and cash handling, such as safeguarding the collection, deposit, and disbursement of money. Remember, for many students, this may be the only business training they receive in school!

DOES THE SCHOOL DISTRICT HAVE AN OBLIGATION?

Yes, your district sets the standards. Districts are responsible for:

- ▶ Determining acceptable purposes for extra-classroom activities and which grades can form which groups
- ▶ Establishing procedures for organizing extra-classroom activities
- ▶ Establishing resale inventory safeguard and accounting methods
- ▶ Determining how faculty advisors and student officers are chosen
- ▶ Publishing, annually, a list of approved extra-classroom activities
- ▶ Establishing other rules/procedures relating to the safeguarding, accounting, and auditing of extra-classroom activity funds.

In addition, the Regulations of the Commissioner of Education (*Section 172*) state that the Board of each school district having a population of less than one million shall make rules and regulations for:

1. *the conduct, operation, and maintenance of extraclassroom activities and*
2. *for the safeguarding, accounting, and auditing of all moneys received and derived therefrom.*

Often this is done through a general policy and then more description is offered either in the regulations to the respective district policy or in a standardized ECAF procedures manual.

WHO CAN FORM A CLUB?

These activities can only be formed for educational purposes. All extra-classroom activities must be approved by your district’s board of education and must have a charter to explain its purpose and goals. The charter should indicate whether the club will be collecting funds. It may be a good idea for boards of education to revisit and even revise the policy to restrict the amount of funds that can be handled by clubs as well as the number of clubs that are allowed to handle/raise funds.

(CONTINUED ON NEXT PAGE)

WHO ARE THE KEY PLAYERS IN ECAs AND WHAT ARE THEIR RESPONSIBILITIES?

CHIEF FACULTY COUNSELOR:

- ▶ Appointed by the board of education.
- ▶ Generally, the building principal.
- ▶ Responsible for:
 - ▶ coordinating the financial planning of all projects of the various clubs in his or her building, approving or disapproving fundraisers, appointing and consulting with the faculty advisors for each club, and submitting to the Board for approval all new clubs initiated by the students.
 - ▶ investigating all problems and disputes concerning the clubs under his or her jurisdiction and affect action that will enable these problems and disputes to be resolved.

CENTRAL TREASURER:

- ▶ Appointed by the board of education.
- ▶ Has custody of all funds, accounts for club activity, individually and combined, using a register of all the receipts and disbursements.
- ▶ It is considered good business practice for the board of education to require the central treasurers to be bonded for no less than the amount of the average cash balance of the fund.
- ▶ Has no part in the approval of payments but shall disburse funds only on the presentation of a properly signed payment order in duplicate so long as there are sufficient funds available in the account.
- ▶ Signs a receipt for all funds placed in his/her custody, and he/she shall deposit these funds promptly in a bank designated by the board of education.

FACULTY ADVISOR:

- ▶ Appointed by the chief faculty counselor.
- ▶ Responsible for:
 - ▶ guiding and advising the student officers in planning ECA and financial budgets.
 - ▶ assisting and reviewing work performed by the student treasurer (*i.e., the faculty advisor reviews and signs payment orders, deposit forms, profit and loss statements, etc.*).
 - ▶ ensuring the clubs maintain a ledger and adequate documentation of club activity.
- ▶ Each club is assigned a faculty advisor(s).

STUDENT TREASURER:

- ▶ Elected by the student club members.
- ▶ The student treasurer is responsible for cash receipts and disbursements of the club.
- ▶ Each club should keep an individual ledger that is maintained by the student treasurer.
- ▶ The student treasurer is responsible for the custody of the cash received prior to depositing with the central treasurer, and for initiating payments using payment orders.

FACULTY AUDITOR:

- ▶ The faculty auditor is responsible for reviewing documentation to ensure all financial transactions are supported with adequate evidence and periodically comparing the ledgers of the central treasurer and the club.
- ▶ A person distinct and separate from the duties of other rolls involved (*i.e., with no part in the approval of payments, planning of income, or record-keeping*) should be appointed as faculty auditor.

WHAT IF THERE IS A CLUB WITHOUT A STUDENT TREASURER?

The student treasurer is to be part of every ECA and is elected by student members of that ECA. It is important to evaluate whether an activity is an ECA or if it is in fact a co-curricular activity (*i.e., activities that are not student-run*). In addition, if your district is operating ECAs in grades below 6th grade, the district should review district policy and procedure to determine compliance as well as review those clubs currently handling funds to determine whether students are in a position to be able to take care of all of the responsibilities that such a club has, in accordance with Commissioner's Regulations and Board policy, and in the spirit and intent of what an extra-classroom activity is.

WHAT ARE SOME KEY THINGS WE LOOK FOR?

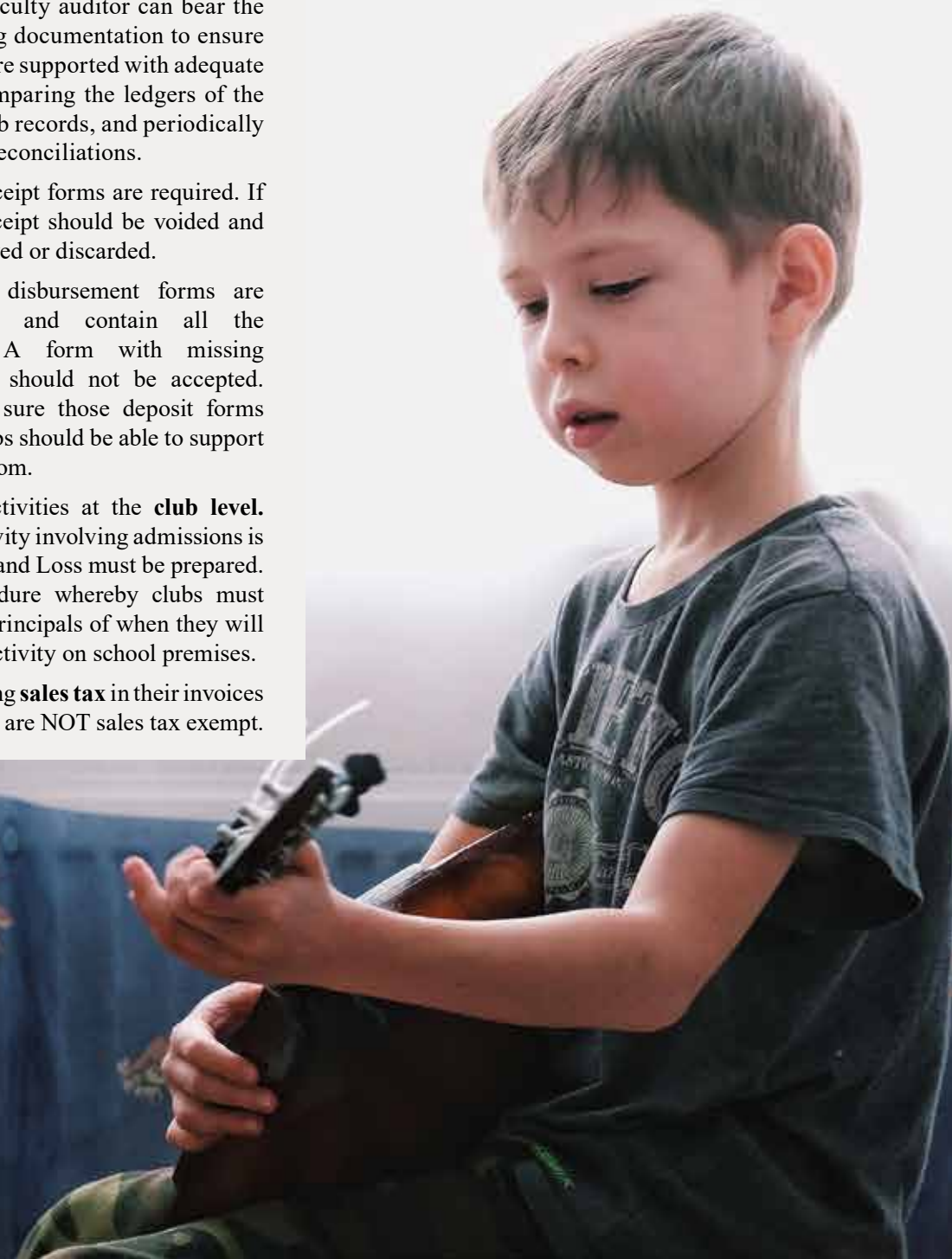
Some of our key recommendations have included:

- ▶ **Training.** Training can be done internally, via a consultant, or even through the district's internal auditors. Training should be done at least annually and is better served at the beginning of the new school year once faculty advisors have been appointed. We have even had some districts invite their student treasurers, too!
- ▶ Appointing a **faculty auditor.** Although not mandatory, the position is often recommended. Having a faculty auditor implements a reconciliation process that often gets lost between central treasurers and clubs. A faculty auditor can bear the responsibility of reviewing documentation to ensure all financial transactions are supported with adequate evidence, periodically comparing the ledgers of the central treasurer to the club records, and periodically reviewing monthly bank reconciliations.
- ▶ **Pre-numbered** deposit/receipt forms are required. If a mistake is made, the receipt should be voided and retained, and **NOT** destroyed or discarded.
- ▶ Ensure all deposit and disbursement forms are **completed** appropriately and contain all the appropriate signatures. A form with missing approvals or information should not be accepted. Central treasurers, make sure those deposit forms have adequate backup; clubs should be able to support where the funds derived from.
- ▶ **Document** fundraising activities at the **club level.** When a dance or other activity involving admissions is held, a Statement of Profit and Loss must be prepared. Also, implement a procedure whereby clubs must formally advise building principals of when they will be holding a fundraising activity on school premises.
- ▶ Ensure vendors are including **sales tax** in their invoices to clubs. Remember, ECAs are NOT sales tax exempt.

- ▶ Last but not least, don't forget to **share** issues noted during audits of ECAF **timely** with central treasurers and faculty advisors to ensure the accuracy of the issue and to ensure steps will be taken to address any resulting recommendations.

Extra-classroom activities can be a very rewarding experience for students and staff when proper policies and procedures are implemented. Now that we are back in action this year after the pandemic, let's get this area right. Work **WITH** your internal auditors to ensure that internal controls are being properly addressed.

NICHOLLE MEZIER, CPA, MBA
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CONFERENCES, LUNCHEONS, AND GIFTS, *OH MY!*



LEGAL FRAMEWORK

Article VIII, Section 1 of the New York State Constitution provides, in pertinent part: “No county, city, town, village, or school district shall give or loan any money or property to or in aid of any public individual, or private corporation or association, or private undertaking . . .” This Section is intended to ensure that any expenditures made by a municipality are in furtherance of a public purpose. A public purpose has been defined as something “necessary for the common good and general welfare of the people of the municipality, sanctioned by its citizens [and] public in character.” (*Sun Printing & Publishing Ass’n v. City of New York*, 152 N.Y. 257 [1897]; *Schulz v. Warren County Bd. Of Sup’rs*, 179 A.D.2d 118 [3d Dep’t 1992]). If the benefit is mixed, i.e., both a public and private benefit, there is no improper gift provided the private benefit is merely incidental to the public benefit, and such public benefit is primary. (*NY Tele. Co. v. Second Bros., Inc.*, 62 Misc.2d 866, *aff’d* 35 A.D.2d 779 [4th Dep’t 1970]). However, “a purpose whose primary benefit is private rather than public cannot stand.” (*Schulz*, 179 A.D.2d at 122).

Other relevant sections of the law include New York State General Municipal Law, Public Officers Law, Education Law, Part 83 of the regulations of the Commissioner of Education, decisions of the Courts and Commissioner of Education, and opinions of the New York State Attorney General and the State Comptroller. By way of example, the State Comptroller has advised of the following expenditures of public funds to be acceptable:

- ▶ Purchasing a plaque of nominal value in recognition of service by unsalaried individuals (*Opns. St. Comp.* 79-882 [1979]);
- ▶ Paying only for the meals of board members at a dinner held to recognize their service, provided the cost of the dinner is reasonable (*Ops. St. Comp.* 80-775 [1980]);
- ▶ Paying only for the meal of a retiring board member at a dinner held to honor the retiring board member (*Ops. St. Comp.* 83-57 [1983]); and
- ▶ Purchasing pins for employees in recognition of their years of service (*Opns. St. Comp.* 99-11 [1999]).

The State Comptroller has also opined that, where a usual monthly board meeting was scheduled to take place at 8:00 PM, after normal dinner hours, the board members’ decision to arrive several hours before the meeting to review relevant materials “appear[ed] to be a matter of personal choice.” Appropriately, any meal expenses arising before the meeting were considered personal expenses because the board members chose to arrive early and they could have reviewed the materials at a different time. Furthermore, any meal expenses arising after the meeting concluded do not satisfy the “in furtherance of public business” requirement because, “presumably, the board members are no longer performing official duties.” (*Opns. St. Comp. No.* 82-253 [1982]; *Opns. St. Comp. No.* 98-2 [1998]).

DUTY OF LOYALTY AND CODE OF ETHICS

In all situations, municipal officers and employees owe a duty of undivided loyalty to act in the best interest without self-interest, a duty to act as a reasonably prudent person would under similar circumstances, and a duty of obedience, to act in a manner furthering the mission of the organization. (*Roslyn Union Free School District v. Barkan*, 16 N.Y.3d 643 [2011]). This obligation is reflected in the fact that municipalities are required to implement individual Codes of Ethics which may be more stringent than legal requirements. Penalties for a violation may include, fine, suspension, removal from office or employee discipline. (*GML §805-a[2]; Application of the Board of Education*, Dec. No. 17,147 [2017]).

GIFTS

More frequently, questions arise about a public officer or employee’s acceptance of gifts from third parties. General Municipal Law Section 805-a(1) prohibits soliciting or accepting any gift worth more than \$75, where it could reasonably be inferred that the gift was intended to influence or reward official action. Moreover, even when there is no actual intent to influence, a gift is prohibited where it can be reasonably inferred under the circumstances it was intended to influence or reward. The term “gift” includes but is not limited to money, tangible items, services, loans, travel, entertainment or hospitality offerings. The unit of measurement is a single gift or cumulative gifts over a 12-month period.

The language of Section 805-a(1) aims to ensure municipalities avoid any appearance of impropriety. For example, where current members of a municipality were invited to an annual dinner celebration hosted by a vendor, the Commissioner of Education held that, even though there was no evidence of actual intent to reward, it could reasonably be inferred that the dinner was to reward the municipality for their past business. (*Appeal of Dashefsky*, 46 Ed. Dep. Rep. 219 [2006]). Notably, the Attorney General has stated “[a] school district may include within its code of ethics more stringent gift provisions, including . . . a prohibition on receipt of any gift by officers or employees.” (*Atty. Gen. Opinion* 99-16 [1999]).

REASONABLE AND NECESSARY EXPENSES

Perhaps more complicated is the situation in which attendance at a remote location is necessary for a presentation, training, or seminar. New York General Municipal Law Section 77-b permits a municipality to authorize any of its members, officers or employees to attend a conference by a majority vote of the relevant board. A conference includes any convention conducted for the betterment of the municipality. When an authorized employee attends a conference, all actual and necessary registration fees, expenses of travel, meals and lodging incurred in connection with attendance of a conference may be charged against the municipality. (*See also Educ. Law § 2118 (entitling school district officers, including members of the board of education and superintendents, to be reimbursed for “any expenses actually and necessarily incurred in the performance of their official duties.”)*). The “official duties” of a board of education are those duties expressly delegated by statute or necessarily and reasonably implied therefrom. (*Appeal of Bode*, 33 Ed. Dept. Rep. 260 [1993]; *see also Educ. Law §§ 1709, 1903*). The State Comptroller has explained that meal expenses constitute “actual and necessary expenses” depending on whether the local official is traveling outside of his or her regular work area on official business for an extended period of time. This authority would extend to events such as during an offsite retreat which may include a luncheon or a dinner. (*Opns. St. Comp. No.* 81-13 [1981]; *Opns. St. Comp. No.* 79-717, *unrep.* [1979]). School districts and municipalities typically adopt policies implementing these requirements and providing procedures to ensure compliance with same.

Based upon the above, it is important that public officers and employees avoid any appearance of impropriety during offsite events, retreats, and conferences and with respect to use of public funds for same.

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2022-2023 CYBER INSURANCE OUTLOOK

Cyber coverage in the public school arena is challenging. In a recent demographic study of K-12 public school districts, school districts with larger enrollments and lower economic metrics are more likely to see a cyber event than those with a smaller enrollment and higher economic metrics. Further, half of all cyber events stem from third-party providers. Ransomware claims are the most common type of cyber incident faced by public schools.¹

The number of carriers in the market is shrinking, the availability of coverage and higher limits are more difficult to obtain, and insurability is being closely scrutinized. Public schools are considered a “soft target,” meaning they are perceived as highly vulnerable to data breaches or compromise.

Schools and other public entities are seeing rate increases of 30-100% for cyber coverage. Additionally, when renewal policy terms and conditions are offered, they may include reduced limits of insurance, higher deductibles and narrower coverage terms. Qualifying for coverage has become more difficult, as well. Insurance carriers are applying detailed underwriting requirements, including an applicant’s operational exposures and documentation of the implementation and monitoring of cyber security safeguards.

Key focus areas include **multi-factor authentication (MFA)**, integration of legacy systems with newer technology, privileged identity and access management, and the number and structure of service accounts. Budget size, enrollment numbers and claim history are also key factors in determining eligibility for coverage.

The upshot is that markets will no longer provide coverage without significant cyber-security controls in place. Those controls will be discussed further in the Risk Management Section.

COVERAGE

Cyber insurance is provided on a “modified claims made” basis, and limits of insurance may vary among coverage types. An annual aggregate limit of insurance will be applicable, and defense costs are included within the aggregate limit. Core insurance protections in a cyber policy should include, among other things:

FIRST PARTY (POLICYHOLDER) DAMAGE

- ▶ *Data Restoration Costs*
- ▶ *Data Re-creation Costs*
- ▶ *System Restoration Costs*
- ▶ *Loss of Business*
- ▶ *Public Relations Services*
- ▶ *Cyber Extortion Coverage*
- ▶ *Forensic Information Technology*
- ▶ *Legal Review*
- ▶ *Notification to parties whose personal information may have been breached or disclosed*

THIRD-PARTY DEFENSE AND LIABILITY COVERAGE

This category includes coverage for defense and settlement costs related to:

- ▶ *Suits by parties whose personal information was compromised by a data breach*
- ▶ *The breach of third-party business information*
- ▶ *The unintended propagation or forwarding of malware*
- ▶ *The unintended abetting of a denial-of-service attack*

OTHER CYBER POLICY BENEFITS

Two, often overlooked, parts of cyber coverage are the insurer’s response team and available supplemental support services. As soon as you are aware of a cyber event, you should notify your insurance representative for guidance. Typically, you will be guided by the insurer’s incident response team, which will facilitate and coordinate service providers involved in guiding the claim process. That assistance can include guidance from legal, forensic, notification, public relations, and systems operations professionals. Most insurers have a panel of firms the insured can select from. Should a school district want a different firm, it must first seek approval from the insurer before the engagement. Preselection and approval should be discussed with your insurance representative prior to a cyber incident to ensure that the claim process will not be delayed.

Many cyber insurers offer loss mitigation services for policyholders, which may include vulnerability scans, employee training, an online information portal, risk alerts, newsletters, cyber-security consulting and more. Check with your broker to determine what services are available as soon as your policy is placed.

RISK MANAGEMENT TECHNIQUES

The following 10 security protocols are sound risk management techniques. Additionally, they cover the guidelines cyber underwriters will examine to determine insurability.

MULTI-FACTOR AUTHENTICATION

A valuable, easily installed feature that validates the identity of an individual signing into an account or system is multi-factor authentication. After the initial successful sign-in, an email, text, or telephone call with a four-to-nine-digit code is sent to a registered device. The code must be entered to gain system access. Without multi-factor authentication in place on remote access, staff email, privileged IT accounts and secure backup systems, there is little chance of obtaining cyber coverage in today’s market. Multi-factor authentication is the standard all insurers are looking for.

BOARD OF EDUCATION POLICIES

Districts and BOCES should implement sound data protection policies that touch upon acceptable-use, strong password, scheduled password changes, access control and download policies. Each entity must also have a data protection officer.

EMAIL FILTERING

The use of **Domain Message Authentication, Reporting and Confirmation (DMARC)** provides protection and verification of emails received internally and externally, reducing the potential for spear-phishing attacks.

PERSONALLY IDENTIFIABLE INFORMATION (PII)

Protection of PII is critical; all PII data at rest or in transit should be encrypted.

FIREWALL SECURITY AND OTHER PROTECTIONS

Which countries’ emails can pass through your firewall? Most districts and BOCES limit permission to the U.S. and Canada and block all others. Revisit country codes granted permission on your IT system. It’s also important to have procedures in place to temporarily open other country codes for student coursework or projects.

Endpoint and malware protection are other essential tools for preventing viruses and sensing malware in systems. Software patches must be kept current and be updated as new versions are released. Proper system configurations are also critical.

SYSTEM VULNERABILITY TESTING

The use of penetration testing and vulnerability scans on a regular basis helps to keep systems operating at peak performance and close vulnerabilities, preventing breaches or compromises. Many insurers and third-party providers have tools to aid in testing.

REGULAR BACK-UPS

Regularly backing up mission-critical data is a must. There must be redundant protection for backed-up data, including offside on an air-gapped server. Data must be stored on two forms of media. Districts and BOCES should also be testing to ensure that back-ups are complete and will allow for minimal data loss and downtime if compromised. Don’t be like the Titanic. Ensure you have an adequate number of “lifeboats” ready for use.

INCIDENT RESPONSE PLAN

As in other school emergencies, an Incident Response Plan for cyber breaches or compromises must be developed. Drills using different scenarios must be conducted. Vulnerabilities or other gaps identified must be incorporated into the plan and other protection areas as required.

EMPLOYEE TRAINING

NYS Ed Law 2-d requires that employees receive annual training in. Since phishers are getting smarter, it is essential to train and regularly test your employees in how to protect against harmful phishing emails. Spear-phishers are waiting for one mistake to cash in.

SECURITY INFORMATION AND EVENT MANAGEMENT SOFTWARE (SIEM)

There are many providers of SIEM software. Districts and BOCES should review different programs and find what works best for their systems. One size does NOT fit all.

In summary, always remain vigilant. Watch out for viruses of every sort. No one wants to read “*We got your data and ...*”



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¹The State of K-12 Cybersecurity: Year in Review, 2022 Annual Report, K12 Security Information Exchange, July 2022

FINANCE MANAGER nVISION FEATURES



As many districts we work with use Finance Manager’s nVision program as their financial application system, we reached out to our contacts there to provide some of the features that can help with new school year and year-end processes. Below are some highlights they shared.

ACCOUNTING

Within the Accounting module there is a **Year End Processing** section containing utilities that you may find very useful. Below is a brief description of the available utilities.

OUTSTANDING PURCHASE ORDER PROCESSING

This utility allows you to process your remaining outstanding purchase orders for the fiscal year while making the proper ledger adjustments. Whether you are carrying the purchase orders forward to the next fiscal year, creating a liability to carry forward or liquidating them, this utility allows you to process them with a click of a button doing one or multiple at a time. Within the utility, the user can filter and sort the screen according to their preferences, along with being able to export the list to Excel for further analysis.

UNROLL PURCHASE ORDERS

This utility can be used to reverse the rollover of a PO. If you mistakenly roll a purchase order over for any reason, this utility can undo or remove the rollover transaction in the new fiscal year by allowing you to pull it back into the outstanding purchase order processing utility.

AUTOMATIC CLOSING ENTRIES

A series of journal entries for each fund must be made at the end of the fiscal year to close out the general ledger control accounts that balance out to the subsidiary ledger revenue and appropriation account balances including Revenues, Expenditures, Appropriations, Estimated Revenues and Encumbrances. This utility will automatically create these entries by fund based on the general ledger codes setup on each fund.

CARRY FORWARD GL BALANCES

Once the general ledger has been closed out and finalized, the remaining open balances will need to be entered into the new year as opening balances. This utility can be used to automate the entry by fund.

CARRY FORWARD SPECIAL FUNDS

Capital and federal grants do not always follow the same date range as the standard fiscal year school districts in New York State follow, July 1st through June 30th. Therefore, we have a designation on the setup of a fund to indicate that it is a multi-year fund and will not follow the same date range as the fiscal year. To transition these funds over the fiscal year end without having to enter an opening budget entry for the available balances, this utility can be used to carry those available balances over. This enables the user to run financial and/or transaction reports on the accounts in the fund for the length of a project without having an opening budget entry on 07/01 inflating the available balance on the report.

PAYROLL

Payroll is another department that is tasked with rolling over to the new fiscal year and nVision has multiple features to assist you. Here is a summary of the available features within nVision designed to streamline these processes needed to prepare the system to begin paying employees for the first payrolls of the new year.

NEGOTIATIONS MODULE

First and foremost, this module is specifically designed to project, review and rollover salaries into upcoming fiscal years. A district can forecast salaries based on current payroll data out five years. They can also progress employees through a salary matrix or apply flat dollar and/or percentage increases. Additionally, this module can be used to recalibrate positions and earnings based on changes in standard workdays, standard hours per day, full time equivalent percentage changes and number of pay periods. There are numerous different scenarios that may come up at a district when contracts change and nVision’s Negotiations module can be used to conduct a bulk review and update of your employees’ earnings.

SPECIAL DEDUCTION MENU

A collection of utilities designed to maintain employee deductions. Here you can find a utility to activate/inactivate a deduction, change amounts or limits, and update deduction frequencies. There is also a utility to update deductions for multiple employees in a spreadsheet type form when a manual change is required instead of visiting individual employees’ screens.

PAYROLL EVENT SETUP

This utility was introduced this summer in our latest release as a time-saver. Every year, the payroll calendar (or as it is called within nVision - the pay schedule) must be set up for each individual pay profile for the new fiscal year. Using this utility, you can conduct an update to all the pay profiles who share the same pay schedule by assigning the payroll dates and pay period dates for each payroll all at once instead of visiting each individual pay profile.

TIMESHEET EARNING MAINTENANCE UTILITY

Throughout the fiscal year, payroll will pay employees through nVision’s timesheet entry screen. These timesheet entries get saved in the employees’ payroll information record in order to be used in the timesheet entry area for future payrolls. This utility is designed to help maintain these timesheet records. Whether changing rates, accounts, earning codes or active status this utility can be used to update multiple records all at once.

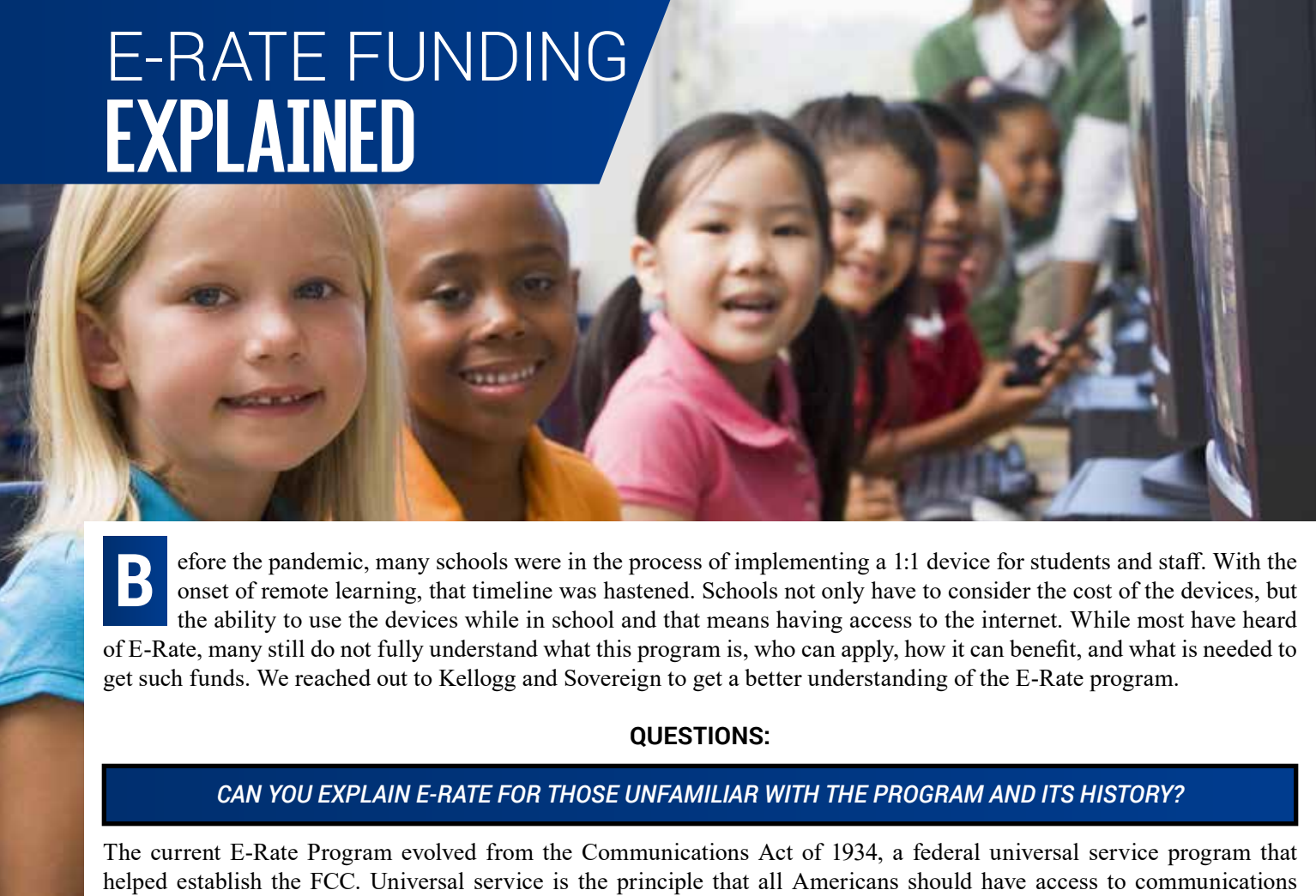
For a more detailed overview on how to use these utilities, you can find our fiscal year end accounting procedures webinar along with the supporting documentation on our website, www.financemgr.com, within the Support Services section. Also, visit our website to learn more about other products including Timepiece and OptiGate, or call 631-941-1313.

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APPLICATION SUPPORT SPECIALIST
FINANCE MANAGER



LAUREN ESPOSITO
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FINANCE MANAGER

E-RATE FUNDING EXPLAINED



Before the pandemic, many schools were in the process of implementing a 1:1 device for students and staff. With the onset of remote learning, that timeline was hastened. Schools not only have to consider the cost of the devices, but the ability to use the devices while in school and that means having access to the internet. While most have heard of E-Rate, many still do not fully understand what this program is, who can apply, how it can benefit, and what is needed to get such funds. We reached out to Kellogg and Sovereign to get a better understanding of the E-Rate program.

QUESTIONS:

CAN YOU EXPLAIN E-RATE FOR THOSE UNFAMILIAR WITH THE PROGRAM AND ITS HISTORY?

The current E-Rate Program evolved from the Communications Act of 1934, a federal universal service program that helped establish the FCC. Universal service is the principle that all Americans should have access to communications services, initially establishing policies to ensure access to telephone services including rural areas. Authorized under the Telecommunications Act of 1996, E-Rate was designed to provide libraries and schools with deep discounts on broadband, internet access services, and internal Wi-Fi.

IS E-RATE A GRANT?

E-Rate is a discount, not a grant. The program provides discounts of 20% to 90% on the cost of broadband services (*Category 1*), and up to 85% for internal connections for broadband, broadband management services, and basic maintenance of broadband internal connections (*Category 2*). Eligible schools include all K-12 public schools and all K-12 non-profit private schools with endowments not exceeding \$50 million. In addition, eligible schools must meet the federal definition of an elementary or secondary school.

Discounts depend on the National School Lunch Program, low-income percentage and the rural/urban status of the school seeking support (*see the table below*).

INCOME	CATEGORY ONE		CATEGORY TWO	
Measured by % of students eligible for the National School Lunch Program	URBAN DISCOUNT	RURAL DISCOUNT	URBAN DISCOUNT	RURAL DISCOUNT
Less than 1%	20%	25%	20%	25%
1% to 19%	40%	50%	40%	50%
20% to 34%	50%	60%	50%	60%
35% to 49%	60%	70%	60%	70%
50% to 74%	80%	80%	80%	80%
75% to 100%	90%	90%	85%	85%

Schools and Libraries (E-rate) Program Discount Matrix

WHAT IS CONSIDERED E-RATE ELIGIBLE?

E-Rate is split into two categories: Category 1, which includes the services needed to support broadband connectivity to schools and libraries and Category 2, which includes the services and internal connections needed for broadband connectivity distribution within schools and libraries. A Category 2 budget is figured by multiplying student enrollment by \$167.00 or a budget floor of \$25,000.

CATEGORY ONE

- ▶ Broadband Circuits
- ▶ Internet Access
- ▶ Lit Fiber, Dark Fiber
- ▶ Modulating Equipment
- ▶ Self-Construction & Maintenance Services
- ▶ Engineering

CATEGORY TWO

- ▶ Antennas
- ▶ Cabling
- ▶ Caching Servers
- ▶ Firewall Equipment & Services
- ▶ Racks
- ▶ Routers
- ▶ Switches
- ▶ UPS
- ▶ Access points
- ▶ Wireless controllers
- ▶ Operating software
- ▶ Installation of any Equipment/Software listed above

DO YOU HAVE ANY RECOMMENDATIONS ON HOW TO BEST LEVERAGE E-RATE DOLLARS?

1. Use an experienced consultant. The E-Rate program is fantastic and helps thousands of schools and libraries secure vital funding annually. Having someone that understands the process intimately provides peace of mind that the work is done correctly and timely as mandated by program guidelines.
2. Assess current tech plans and projects. A good consultant can come in handy here too as they can help identify eligible components to ensure you maximize all available dollars and resources.

WHAT DOES AN E-RATE CONSULTANT DO AND ARE SCHOOLS REQUIRED TO HAVE AN E-RATE CONSULTANT?

School districts and libraries are not required to have a consultant to help prepare their E-Rate filings. However, 75% of the schools and libraries across the nation currently have a consultant. Many of the schools and libraries understand that having a consultant is vital to ensuring they continue to stay compliant with the ever-changing E-Rate rules and regulations.

WHAT ARE SOME RECOMMENDED DOCUMENT RETENTION PRACTICES?

All documents acquired during the E-Rate filing process should be kept for a minimum of 10 years from the date. If using a consulting firm, confirm their document retention policies and check if documents can be stored in a secure cloud environment.

WHAT ARE QUALITIES THAT A CONSULTANT SHOULD HAVE?

An experienced E-Rate consultant should have experience applying for grants and funding opportunities on behalf of schools and libraries to enable them to meet their technology goals. So, a good place to start is to ask how much funding has been successfully received. It is also important to work with an individual or company that can help with all aspects of the E-Rate program, including providing training on how prepare applications, helping with preparing the filings for reimbursements, and ultimately making sure the funding is obtained.



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MANDATORY FEDERAL PREMIUM REPORTING REQUIREMENT

WHAT IS THE FEDERAL PREMIUM REPORTING REQUIREMENT?

The Consolidated Appropriations Act (2021) was passed by Congress on December 21, 2020 and signed into law on December 27, 2020. It is responsible for the implementation of a new annual reporting requirement that requires all health insurance issuers, employer-based health plans, and other group health plans to report an average monthly premium paid by employees and an average monthly premium paid by employers every plan year.

WHO MUST REPORT?

The department of Civil Service is essentially responsible for gathering and reporting this information. However, Participating Agencies and Participating Employers will play a role in how that information is gathered and reported.

WHEN IS REPORTING DUE?

These premium amounts must be reported for the **2020** and **2021** plan years by December 27, 2022 by the Department of Civil Service. To meet this federal requirement, Civil Service needs to collect this information from Participating Agencies and Participating Employers. This will also be an annual requirement going forward. For plan year 2022 and beyond, this information will be required to be submitted by Civil Service by June 1 following each plan year.

WHAT ARE THE SCHOOL DISTRICTS' ROLE?

Since Civil Service has a deadline, so will school districts. For plan years 2020 and 2021, a mandatory survey was issued for completion by October 14, 2022. Agencies are required to utilize a new page in NYBEAS to input their total annual employee contributions by plan year. Districts will need to enter the total annual enrollee share of the NYSHIP health insurance premium for each benefit plan (e.g., *Empire Plan, Excelsior Plan, or HMO*) and for each coverage option (e.g., *individual coverage, family coverage*). The total annual EE share includes amounts you deducted from payroll checks or pensions, or billed directly. It is important to remember that the total annual employee share of the premium represents the total amount of **all** employees, retirees, vestees, dependent survivors, COBRA, and Young Adult Option paid for coverage for the plan year. If your agency paid 100 percent of the premium for your enrollees, you would still need to complete the page by inputting \$0.00.

This must be completed each plan year going forward. Civil Service anticipates 2022 data collection from school districts to begin in early 2023. School districts should be on the lookout for notification as to when this needs to be completed.

THOMAS GONYOU
STAFF ACCOUNTANT

TECHNOLOGY DONATIONS FOR NONPROFITS



Local tech support company Techworks Consulting, Inc., located in Ronkonkoma, has created a program to give nonprofit organizations gently used computer devices titled “*Techworks Gives Back.*” They have been taking donations and successfully repairing and refurbishing the devices. The devices are then given to local nonprofit organizations who are then able to use the resources to help the local community. In 2020, they helped provide devices to **Long Island Against Domestic Violence (LIADV)** as well as the Family Service League to help families and students with virtual learning.

If you are looking to get rid of some old devices, or if you know of a nonprofit that can benefit from a donation, please check out their website to find out more [or click on this link for the portal.](#)

Together we can all make a difference!



TECHWORKS CONSULTING INC.
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FREE CYBERSECURITY TRAINING

Stetson Cybergroup is providing a free 1-hour training on cybersecurity for school districts! The training will talk about threats facing school districts today and best practices on how to prevent breaches from happening, including implementing strong passwords, **multi-factor authentication (MFA)**, how to look out for tailgating, phishing scams, tips to protect mobile devices, physical security, computer safety AND how to protect your data at home as well!

These trainings are geared towards **ANY** level in school districts and can be amended to address the most pressing issues/risks facing each individual district.

FOR MORE INFORMATION, PLEASE CONTACT:



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