BRINGING A UNIQUE UNDERSTANDING OF KEY ISSUES FACING PUBLIC SCHOOL DISTRICTS

FROM THE EDITOR - SHARI DIAMOND, CIA

EDITOR

SHARI DIAMOND, CIA
CERINI & ASSOCIATES, LLP
PARTNER

CONTRIBUTORS

WRITERS

ADAM BRIGANDI, CPA, MBA
CERINI & ASSOCIATES, LLP
SUPERVISOR

FRED ZAPPOLO
LANROVER
K12 CLIENT SUCCESS MANAGER

SHARI DIAMOND, CIA
CERINI & ASSOCIATES, LLP
PARTNER

PAGE LAYOUT & DESIGN

KRISTINA LAINO-TORTORICE
CERINI & ASSOCIATES, LLP
GRAPHIC DESIGNER

ASSOCIATE EDITOR

ADAM BRIGANDI, CPA, MBA
CERINI & ASSOCIATES, LLP
SUPERVISOR

NOTICE!

SCHOOL BUDGET

BEST OF LUCK ON THE UPCOMING VOTE!

TUESDAY
MAY 21, 2024

Welcome to the Spring 2024 edition of the Lesson Plan!

As we wind down another school year, we are also gearing up for a new year. It's a lot to balance. Change is inevitable whether we want it to happen or not. Looking back enables us to reflect and make any needed changes to ensure we move successfully forward.

One such change impacting schools, as well as practically everybody, is the use and integration of **artificial intelligence (AI)** tools. Creating an AI acceptable use policy and providing training can help ensure AI is used in an appropriate manner. **Read about what an AI policy contains.**

Cybersecurity attacks continue to be a top concern for school districts. Staying ahead of the hackers is critical but a difficult task. **Read about a local company that has developed a real-time application that implements intelligence-powered cybersecurity solutions.**

Using AI technology, threat actors have found new ways to defraud schools, primarily through emails or other social engineering schemes. Schools are top targets not only for attacks, but for tricking accounts payable staff to send money to a fraudster by either a fraudulent wire or ACH transfer instruction. **Read about tips to prevent ACH and Wire Transfer Fraud.**

After quite a long time, GASB has issued new guidance on compensated absences. GASB Statement No. 101, which supersedes GASB Statement No. 16 issued in 1992, aims to standardize how compensated absences are recognized, measured, and disclosed. It takes effect in fiscal years beginning after 12/15/2023, so while schools have some time, some of the changes can appear confusing. **Read about what the new statement contains.**

We have been seeing an uptick in late fees being charged by several utility companies. While it is permissible for schools to pay those invoices ahead of the claims audit (*as long as you have a resolution in place*), we are unclear why this is happening in so many districts. As such, we recommend that schools have a utility bill audit performed. **Read about what is involved in having this type of audit performed.**

Wishing you all a happy, healthy and relaxing summer!

Shari Diamond

GASB STATEMENT 101 - COMPENSATED ABSENCES

Many school districts allow employees to carry over their accrued leave balance at the end of a fiscal year. Some districts have different policies for distinct types of leave. For example, policies may allow for the paying out of accrued vacation leave but not accrued sick leave at termination of employment. Additionally, some districts have different policies for different classes of employees, such as general employees and uniformed employees.

The Government Accounting Standards Board (GASB) issued Statement No. 16, Accounting for Compensated Absences back in 1992, and now after about 32 years, it has issued new guidance. GASB101 is effective for fiscal years beginning after 12/15/2023 or 6/30/2025 and after. As with other GASB changes, it is best to get ahead of what is required.

GASB 101, Compensated Absences, replaces GASB 16, Accounting Compensated Absences. The goal of the standard is to create a more consistent model for accounting for compensated absences that can be applied to all types of compensated absence arrangements.

Statement 16 required that governments recognize a liability for compensated absences because employees are entitled to time off or a cash payment in exchange for services already rendered at the financial statement date. Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, included compensated absences as an example of a long-term liability. Statement 101 hopefully creates consistency in handling several types of absences.

Under GASB No. 101, there are three general criteria that must be met to recognize a liability for unused leave.

▶ *The leave is attributable to services already rendered.*

▶ *The leave accumulates; and*

▶ *The leave is more likely than not to be used for time off or otherwise paid or settled.*

Certain types of leave, such as parental, military, or jury duty are not considered a compensated absence. There is additional guidance regarding the concept of *"accumulates"* and *"more likely than not to be used."* The GASB states that *"Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences."*

Schools will only be required to present the net change rather than the additions and reductions to the compensated absences liability during the year. As this will be audited, the details should be maintained. The new standard also removes the requirement to disclose the fund(*s*) that would be used to liquidate the compensated absences liability.

To implement the new standard, school districts should:

1. Ensure they completely understand their district's compensated absence policies and contractual obligations.

2. Gain an understanding of what data is needed to be documented and who is its owner.

3. Ensure the type of compensated absence meets the criteria and whether the absence accumulates or will not likely be used.

4. Utilize the pay rates in effect for the fiscal year being calculated.

GASB's intent for statement 101 is to standardize the recognition and measurement model and to better reflect when a school district incurs an obligation. In addition, this model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The model will also result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

ADAM BRIGANDI, CPA, MBA
SUPERVISOR

ARTIFICIAL INTELLIGENCE
ACCEPTABLE USE POLICY

Schools are constantly looking for ways to utilize technology to improve the educational experience. Educators have quickly understood that **Artificial Intelligence (AI)** can be used to help a variety of students as it can adapt to different learning styles. For example, AI can provide greater support for students who are English language learners, and it can be used by teachers to help analyze and interpret data. Some AI use requires sharing data and schools need to be mindful of sharing confidential information with a public AI application. Schools are also seeing that students have quickly realized that AI can write papers and do their homework. As such, there needs to be guidance for teachers, administrators, and students on how AI can and cannot be used.

Schools saw a huge increase in students and staff using AI applications which can be a valuable tool for teaching and learning. As with any technology, AI uses data and there have been some issues and concerns such as bias and privacy. Just as schools had to embrace the staff and students using the internet (*remember when the internet did not exist?*) and develop acceptable use policies that included by-products of use including plagiarism, cyber-bullying, and data privacy, schools will likely need to do the same thing with AI.

To help schools understand the pros and cons of using AI, the **New York State Office of Technology Services (NYSOTS)** has recently published policy guidelines for the acceptable use of AI technologies. Per the NYSOTS, *"Agencies are encouraged to responsibly adopt AI technologies and should consider this policy a tool to aid in that adoption."* Furthermore, *"while a [school district] may adopt a different policy, it must include the requirements set forth in this one. Where a conflict exists between this policy and an [school district's] policy, the more restrictive policy will take precedence."* The NYSOTS policy includes the following sections:

▶ *definitions and covered uses,*
▶ *use of AI,*
▶ *human oversight,*
▶ *fairness and equity and explain ability,*
▶ *transparency,*
▶ *AI risk assessment and management,*
▶ *AI inventory,*
▶ *privacy,*
▶ *security,*
▶ *technology,*
▶ *intellectual property,*
▶ *compliance, and*
▶ *definitions of key terms.*

The NYSOTS policy also provides an appendix of acceptable and unacceptable use of AI examples. In doing some research on AI policies, we came across another sample where examples of use were categorized and color-coded as a traffic light system which may help users to better understand what use is acceptable (*see proposed chart on next page from InnerDrive*).

A good place to start is with your existing acceptable use policy and then layering on top the specific AI use cases and any known issues. As this is an area that is evolving, the AI policy will likely need to be reviewed and assessed on an on-going basis. It has become clear that responsible use of AI can be an effective educational tool as well as increasing efficiencies, but there are concerns over data privacy and misuse. As with all new processes, communication and education are paramount to ensure AI is used appropriately.

ADAM BRIGANDI, CPA, MBA
SUPERVISOR

SAMPLE OF USE SCENARIOS (SOURCE INNERDRIVE.CO.UK)

EXAMPLE	COMMENTS
Posing an essay question to an AI and then passing this off as your own work	This is plagiarism and is unacceptable.
Posing an essay question to an AI and making edits before submitting this to your teacher	This is still plagiarism (*although better than the example above*). In this case the majority of the hard thinking has been done by the AI so even if the product here is better than what you could have produced yourself, you are not gaining any information on how you might improve your work in the future.
Providing the AI with some bullet points to include and asking it to create an essay	Given the purpose of an essay assignment at school is to assess your ability to include relevant information and construct a coherent argument, outsourcing the hard thinking on the construction of the argument would not be an appropriate use of AI. In this case, you are better off submitting your bullet points to your teacher and seeking advice on essay structuring.
Ask AI to provide statistics or evidence to back up your arguments	Caution required here. AI can hallucinate and it is often difficult to find out where it is getting its information.
Write a first draft of an essay, ask AI to critique and give feedback, then rewrite the essay based on the feedback	This would be a good way to use AI but should be used with caution. Firstly, it is important you put sufficient effort into the first draft - it should be something you would be happy to hand in to your teacher. Secondly, you must be confident that the AI is assessing your work using the same criteria that your teacher would.
Use AI to generate retrieval practice questions	This could be a good way to use AI but has the potential to lead you astray. You would need to be confident that the AI was asking questions on important information and that it hadn't made any factual errors. The time spent going back and forth with the AI and checking the questions might be better off spent elsewhere.
Asking an AI to translate a passage into English	This depends on the purpose. If this translation has been set by your French teacher to assess your understanding of French, then this would be unacceptable. If, on the other hand, you have come across a source of information in another language that you think might be helpful for a research project then this might be an acceptable use.
Asking AI to produce a summary of longer texts	This would be a good way to do some initial research, for example for EPQ or EE in the sixth form to find out whether the longer texts are appropriate. However, it is then really important you go back to the relevant documents to read in depth as the summary may have missed some of the subtleties of the argument.
Asking AI to explain a concept you are finding tricky	This would be a good way to interrogate your own understanding of a topic as you can have a conversation with the AI and ask it to elaborate or re-explain using different examples. However, it must be used with caution and you must always check your final understanding against other sources of information such as your teacher.
Using AI as a dictation tool	This would be a really good way to use AI as speaking is usually quicker than typing. You could explain a concept to the AI and get it to produce a verbal transcript or a summary. If you don't understand the summary it produces, you probably don't have as good a grasp of the concept as you think.
Use AI as a way of generating multiple different ideas	This would be a good way to use AI as it may come up with ideas that you wouldn't have thought of yourself. The important thing is that you then use your own knowledge and understanding, or other sources of information, to evaluate the different ideas.
Ask AI to provide some suggestions for further reading around a topic	This would be a good use of AI, particularly if you give it some detailed prompts.
Talking to an AI in a foreign language for extra practice	This would be a great way to use AI though bear in mind that some of the information it includes in its conversations may not be factually correct.

THE IMPORTANCE OF INTELLIGENCE POWERED CYBERSECURITY IN K-12 SCHOOLS
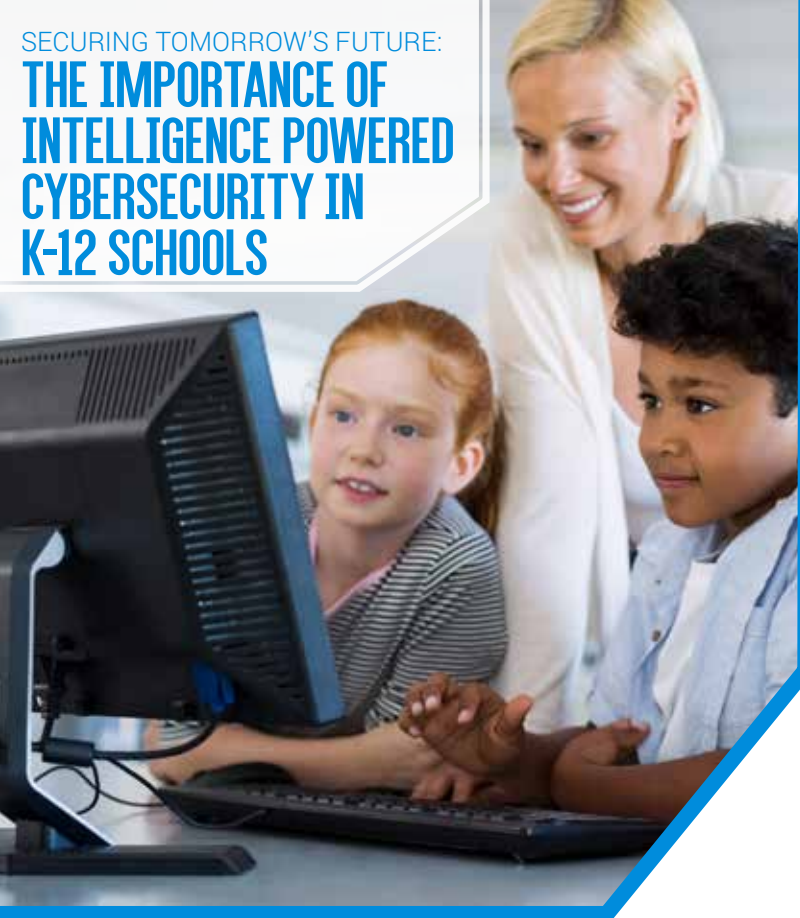
In today's digital age, where technology is deeply ingrained in our daily lives, ensuring the cybersecurity of our educational institutions has become paramount. K-12 schools are increasingly becoming targets for cyberattacks, highlighting the urgent need for robust cybersecurity measures. With hackers constantly evolving their tactics, it is imperative for schools to deploy intelligence-powered cybersecurity solutions to protect against these threats.

Over the past few years, there has been a significant increase in cyberattacks targeting K-12 schools. For example, in 2023 80% of K-12 schools fell victim to ransomware attacks. Hackers view schools as lucrative targets due to the vast amount of sensitive information they hold, including student records, financial data, and confidential communications. Additionally, the shift towards digital learning platforms has further increased schools' vulnerability to cyber threats. 85% of U.S. educational institutions have reported an increase in cyber threats since moving to digital learning.

K-12 schools face significant challenges in deploying cybersecurity technology due to budget constraints. With limited funding, schools often struggle to invest in robust cybersecurity measures, leaving them vulnerable to cyber threats. This lack of resources can hinder the implementation of essential security tools, such as firewalls, antivirus software, and security training programs for staff and students. Additionally, maintaining and updating these technologies require ongoing expenses that many schools simply cannot afford. A solution has been developed by local company **LANRover** with cybersecurity company **Centripetal** to provide proactive real-time intelligence powered cybersecurity protection against all known threats for K-12 schools titled CleanINTERNET®.

Traditional cybersecurity measures are no longer sufficient to protect against the sophisticated tactics employed by hackers. Schools need to elevate their defenses without major costs or expanding their security team. By implementing intelligence powered cybersecurity, schools can harness real-time threat intelligence from a global network, which allows schools to have visibility into potential threats long before they can impact the network. This technology acts as a shield, safeguarding the network against any malicious activity.

Several schools have successfully implemented intelligence-powered cybersecurity solutions and have seen significant improvements in their security posture. This solution works as it includes having a team of dedicated analysts who have extensive threat hunting expertise, watching the network 24x7x365. Normally, such services would be cost prohibitive for a school district but LANRover's solution is able to be deployed at a reasonable price point.

CleanINTERNET® allows school districts to:

► *Protect their valuable IT assets and applications in a cost-effective manner. Centripetal analysts provide an additional monitoring layer, tracking any unusual behavior.*

► *Monitor and protect personal information such as student records, health records and faculty information. It also helps prevent attacks on intellectual property and sensitive research results.*

► *Safeguard the institution, its partners, and stakeholders. The reputation of the institution is at stake and protection in both breadth and depth is paramount.*

► *Reduce the overhead of malicious and reconnaissance traffic in the network which has the effect of reducing overall IT costs around collection, storage, and analysis of security event data.*

It's time to reconsider your approach to defending your school against cyber threats. Traditional methods are insufficient against today's rapidly evolving threats, making it crucial to reassess your defense strategies. By adopting a proactive stance rather than a reactive one, school districts can outpace cybercriminals.

School districts need to embrace a solution that effectively protects against both current and future threat actors, safeguarding digital assets and ensuring uninterrupted learning and collaboration - intelligence-driven cybersecurity.

LANRover

FRED ZAPPOLO
K12 CLIENT SUCCESS MANAGER
LANROVER
FRED.ZAPPOLO@LANROVER.NET
(631) 418-8019
WWW.LANROVER.NET

UTILITY BILL AUDITING

For many school districts, especially larger districts, reviewing the utility invoices can be a cumbersome process as schools have multiple accounts. We have noted that recently late fees have been added and are cropping up across the Island. Many districts have asked the utility company to have the late fees removed – some are successful, and some are not. The fees can be quite a lot of money, especially if this is happening on multiple invoices for multiple months. We have some recommendations.

1. ASSESS THE DUE DATE.

If that date does not work with your payment cycle, reach out and have the utility company set you up on a different due date.

2. PAY THE INVOICES AS SOON AS YOU AS CAN.

Per the NYS OSC, *"The governing board of a local government or school district generally may, by resolution, authorize payment in advance for public utility services, postage, freight and express charges. However, these claims should be audited as soon as possible after payment and included on the next abstract as prepaid amounts. Public utility services generally include electric, gas, water, sewer and telephone services."* The resolution can be included in your purchasing policy or added as part of the annual reorg meeting.

In addition, we recommend that districts have a utility billing audit performed. This involves hiring a company that will have their experts examine the utility bills specifically looking for billing errors, overcharges, and identify opportunities for cost reduction. These companies are versed in the complexities of utility tariffs, regulations, billing practices, stuck meters, estimated reading errors, etc. They will scrutinize various utility bills such as electric, natural gas, water, and sewer to assess accuracy in billing. We have heard where school districts have used this service and received money back as hidden errors or incorrect rates were noted.

These companies will do the heavy lifting and know how to file the paperwork. They can go back several years, and the best part is most do not charge a fee but instead collect a percentage of any savings they obtain.

There are also companies who can audit your telecom invoices looking for similar items such as billing errors, incorrect taxes, misapplication of tariffs, and incorrect rate charges.

Lastly, any errors noted in the billing are then corrected going forward. This is win-win situation. Don't delay and overpay!

SHARI DIAMOND, CIA
PARTNER

TIPS TO PREVENT
WIRE AND ACH FRAUDS

ACH payment fraud is becoming more common, and it is believed that the fraudsters target certain types of individuals. Unfortunately, school districts are one of those targets. Financial institutions play a crucial role in safeguarding bank accounts from fraud; however, the account owner bears the burden to report the fraud within a specific time limit. The National System of Fines provides the structure for evaluating alleged Rules violations. Per Nacha, if you suspect an ACH fraud, you must submit your report within 90 days of the alleged rules violation occurrence.

To submit a report, you will need the following information:

► Your contact and organization information, as well as your participant status (*ODFI, RDFI or ACH Operator*).

► A clear description of the alleged violation, including the sequence of events and consequences of the violation.

► The specific Rule provision that may have been violated.

► Transaction information:
  ▷ *SEC Code*
  ▷ *Transaction Code*
  ▷ *Settlement Date*
  ▷ *Dollar Amount*
  ▷ *Trace Number*
  ▷ *Account Number*
  ▷ *Date of Alleged Rules Violation*
  ▷ *Copies of all relevant documents with your report, such as Company/Batch Header Records, Entry Detail Records or Addenda Records.*
  ▷ *Any written communication between the complainant and party in alleged violation of the Rules.*
  ▷ *Signature of an authorized representative of the complainant.*

HOW DOES WIRE OR ACH FRAUD HAPPEN?

It generally starts with a fraudster gaining information through social engineering. This can happen via a call, text or email where the victim provides information that allows the fraudster to gain access either to an email or bank account. We have seen where someone has gained control of a vendor's email account and then sends a request to a district to initiate or change the bank account where the payment should be sent.

WHAT SHOULD YOU DO IF YOU RECEIVE A REQUEST TO INITIATE OR CHANGE AN ACH ACCOUNT?

Verify the request independently. This means calling the vendor from a phone number you have on file. Do not use the phone number that is listed on the email request.

Other preventative strategies include setting up restrictions on your bank account. These include the following:

► **ACH positive pay:** *you provide a list to the bank of all approved vendors.*

► **ACH debit blocks and filters:** *these allow the account holder to specify which ACH based transactions are permitted.*

► **ACH rules and alerts:** *establish rules and alerts such as high-value ACH debit or a transaction from an unknown source.*

Other strategies include frequent account monitoring and continuous education regarding the latest ACH scams.

Similar to ACH payments are wire transfers. Scammers will implement similar strategies to trick you into wiring money to what appears to be a valid bank account for a valid reason. Once you wire the money, it is very difficult to reclaim it back. Wiring money does not offer the same protection as when using a credit card.

Per the FTC, below are some tips to protect against money wiring scams:

► Never wire money through companies like MoneyGram, Ria, or Western Union to anyone you haven't met in person. (***That's a scam:*** *no matter what reason they give.*)

► Don't wire money to anyone who says they work at a government agency like the FTC, IRS, SSA, U.S. Customs and Border Protection, or a well-known company. (***That's a scam:*** *the government will never ask you to send money this way.*)

► Never wire money to anyone who pressures you into paying immediately.

► Don't wire money to anyone who says a wire transfer is the only way to pay.

► Never wire money to someone who tries to sell you something over the phone. (*It's illegal for a telemarketer to ask you to pay with a wire transfer.*)

Some common wiring scams include getting an email from a vendor stating their bank account information has changed, or someone claiming to be from a utility company. As with ACH scams, always verify the request independently.

If you suspect that money was wired to a fraudster, contact the bank and report the fraudulent transfer, and see if the wire transfer can be reversed.

If anyone is demanding that you wire money, report it to the FTC at **ReportFraud.ftc.gov**.

SHARI DIAMOND, CIA
PARTNER

CERINI & ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS

LEARN MORE ABOUT TWO AMAZING EVENTS HONORING AND AWARDING THE BEST NONPROFIT ORGANIZATIONS IN THE AREA

imagine

12th ANNUAL
Long Island Imagine Awards
FINALISTS ANNOUNCED!
EVENT DETAILS:
WEDNESDAY, MAY 1, 2024 | 6PM-10PM
CREST HOLLOW COUNTRY CLUB
WWW.IMAGINEAWARDSLI.COM

NYC imagine

The 4th Annual
New York City Imagine Awards
DEADLINE TO APPLY: MAY 6, 2024
EVENT DETAILS:
TUESDAY, OCTOBER 29, 2024 | 6PM-10PM
GUASTAVINO'S
WWW.NYCIMAGINEAWARDS.COM

FOR MORE INFORMATION ON APPLYING, TICKETS, OR SPONSORSHIPS, CONTACT: HILLARY@HILLARYNEEDLEEVENTS.COM

WWW.CERINICPA.COM | 3340 VETERANS MEMORIAL HWY., BOHEMIA, NY 11716 | (631) 582-1600