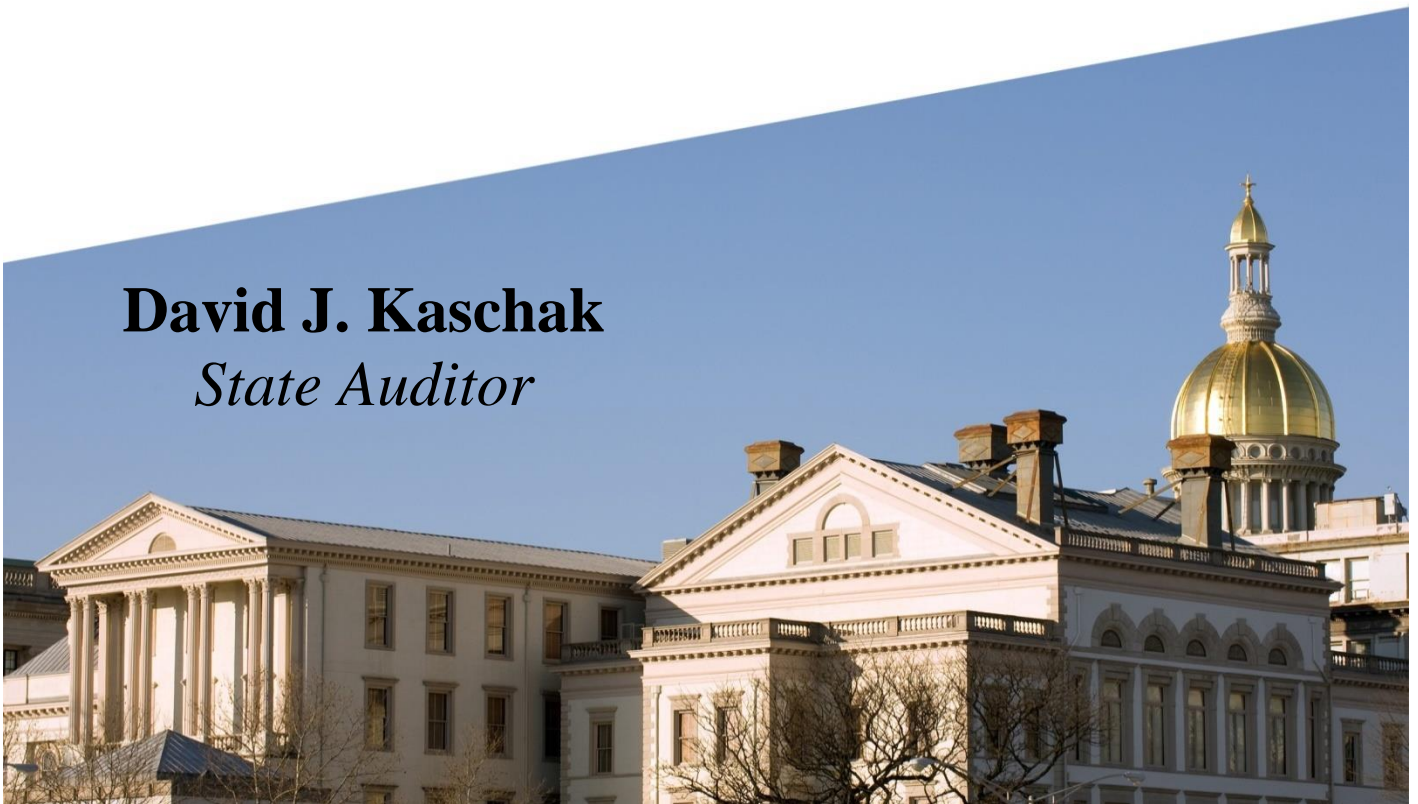


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OFFICE OF THE STATE AUDITOR

Plainfield Public School District

July 1, 2020 to June 30, 2023

David J. Kaschak
State Auditor



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Enclosed is our report on the audit of the Plainfield Public School District for the period of July 1, 2020 to June 30, 2023. If you would like a personal briefing, please call me at (609) 847-3470.

A handwritten signature in blue ink that reads "Brian Klingele".

Brian M. Klingele
Assistant State Auditor
July 31, 2024

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Scope

We have completed an audit of the Plainfield Public School District (district) for the period of July 1, 2020 to June 30, 2023. Our audit included financial activities accounted for in the district's General Fund. Our audit also included a review of the Early Childhood Program (preschool) and Coronavirus Relief Fund (CRF) transactions, both part of the Special Revenue Fund.

Total General Fund expenditures according to the district's audited financial reports were \$197.4 million, \$224.1 million, and \$260 million in fiscal years 2021, 2022, and 2023, respectively. On average, 88 percent of the district's General Fund revenues were funded by state appropriations for those three fiscal years. Preschool expenditures averaged \$23.2 million in fiscal years 2021 through 2023. Coronavirus Relief Fund expenditures and revenue were \$1.1 million in fiscal year 2021.

The district provides a comprehensive educational program for students in grades kindergarten through 12 at 14 schools. Daily enrollment for in-district schools averaged 8,192 during our audit period. The district also provides a full-day preschool program, funded by a state grant, in collaboration with nine preschool providers operating 14 centers. Daily enrollment for the preschool program averaged 1,414. Charter school and out-of-district annual enrollment averaged 2,591 and 239, respectively.

Objectives

The objectives of our audit were to determine whether financial transactions were related to the district's programs, were reasonable, and were recorded properly in the accounting systems. An additional objective was to determine if the district complied with applicable statutory and regulatory requirements.

This audit was conducted pursuant to the State Auditor's responsibilities as set forth in Article VII, Section I, Paragraph 6 of the State Constitution and Title 52 of the New Jersey Statutes and Title 18A:7F-6(d), originally known as the "Comprehensive Educational Improvement and Financing Act of 1996" and amended by the "School Funding Reform Act of 2008".

Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards. 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 objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In preparation for our testing, we studied legislation, the administrative code, and policies of the New Jersey Department of Education and the district. Provisions we considered significant were

documented, and compliance with those requirements was verified by interview, observation, and through our testing of financial transactions. We also read the district's board minutes and interviewed district personnel to obtain an understanding of processes and internal controls. In addition, we reviewed the annual audited financial reports of the district prepared by public school accountants. In order to achieve our objectives, we performed various tests and analyses, as we determined necessary. Additional detail regarding our methodology and work performed can be found in the Appendix, as well as in the finding section when testing resulted in a reportable condition.

A nonstatistical sampling approach was used. Our samples of financial transactions were designed to provide conclusions on our audit objectives, as well as internal controls and compliance. Sample populations were sorted, and transactions were judgmentally selected for testing. Because we used a nonstatistical sampling approach for our tests, we cannot project the results to the respective populations.

Data Reliability

We assessed the reliability of expenditures data obtained from the district's prior accounting system (Keystone) by reconciling general ledger transactions to the district's audited financial statements and interviewing district officials knowledgeable about the data. We assessed the reliability of expenditures data obtained from the district's new accounting system (Genesis School-Fi) by tracing transactions in the system to supporting source documents and interviewing district officials knowledgeable about the data. We assessed the reliability of employee leave time and attendance records obtained from the district's timekeeping system (Frontline) by tracing information in the system to supporting source documents and interviewing personnel knowledgeable about the data. We also assessed the reliability of student enrollment data obtained from the district's Genesis Student Information System (SIS) by tracing information in the system to supporting documents provided by district personnel. We determined that the data were sufficiently reliable for the purposes of this report.

Conclusions

We found that the financial transactions included in our testing were related to the district's programs, were generally reasonable, and were properly recorded in the accounting systems. We also found the district generally complied with applicable statutory and regulatory requirements. In making these determinations, we noted the potential for savings in health benefits costs and found unsupported payments to private preschool providers. In addition, we found internal control deficiencies and compliance issues regarding: health benefits eligibility, the preschool program, procurement, laptops, wireless devices, payroll and personnel, criminal history background checks, information technology, and facilities management meriting management's attention.

We also made observations related to non-instructional expenditures efficiency and adjustments to monthly budget payments.

Plainfield is an SDA district that received an average of 84 percent of its funding from the state during our audit period and is statutorily required to ensure an effective and efficient use of the funds.

Health Benefits

The district could have saved \$6.4 million in fiscal year 2023 if it had participated in the School Employees' Health Benefits Program.

The district provides its eligible employees and their dependents medical, prescription, dental, and vision coverage through private plans. Health benefits costs amounted to \$26.6 million in fiscal year 2023.

According to N.J.S.A. 18A:55-3a, as a condition of receiving State Aid, a school district is required to examine all available group options for every insurance policy held by the district, including any self-insurance plan administered by New Jersey School Boards Association Insurance Group on behalf of districts and should participate in the most cost-effective plans. The district uses the services of a broker when choosing health benefits plans and is provided with a market analysis listing plan options and potential savings, including participation in the School Employees' Health Benefits Program (SEHBP). The broker's compensation is based on the cost of premiums.

The state offers medical and prescription drug coverage to qualified school district employees and their eligible dependents under the SEHBP. Local employers must adopt a resolution to participate in the SEHBP. We performed a comparison of the district's fiscal year 2023 medical and prescription costs to the SEHBP's costs utilizing state rates effective January 2023 through December 2023. Using average enrollment for fiscal year 2023, we estimated the district could have saved approximately \$6.4 million if it had participated in the SEHBP.

The district was aware of potential savings from participation in the SEHBP. The broker's analysis for fiscal year 2023 estimated a 26 percent savings for medical and 22 percent savings for prescription costs if the district participated in the SEHBP.

Recommendation

We recommend the district analyze and select the most cost-effective options in accordance with the statute when choosing its health benefit plans.



Health Benefits Eligibility

Monthly billings for health benefits are not reviewed to verify enrollment eligibility, and premium contributions are not collected timely from employees on leave without pay.

The district's health plans' premium costs are offset by employee contributions. The plan administrators should be notified of any changes in coverage due to hiring, terminations, or changes in coverage status. The district does not have written policies and procedures in place

for the reconciliation of monthly bills and collection of premium contributions while the employee is out on leave without pay. The district receives monthly itemized bills but reviews them ineffectively.

We compared the September 2022 billing lists of covered employees to the district employee payroll records and found the following:

- Four former employees were not removed from medical coverage for periods ranging from 1 to 10 months after the applicable grace period.
- Five employees were not removed from prescription coverage for 1 to 10 months.
- Two employees were not removed from dental coverage for 1 to 36 months.
- Twelve employees were not removed from vision coverage for 1 to 36 months.
- Additionally, the district paid prescription premiums for three individuals erroneously billed for 9 to 15 months.

The errors noted above totaled \$55,271 in health benefits premiums.

Employees who are on leave without pay are permitted to pay back their share of health benefits costs when they return to work, with contributions collected retroactively from their paycheck. Additionally, employees on leave without pay are eligible to receive health benefits coverage for 12 weeks. After this period, the employees may continue coverage at their own expense. During our review of the September 2022 billing lists, we also noted the following:

- Nine employees on approved leaves of absence from whom medical premium contributions were not collected for periods ranging from 3 to 9 months.
- Ten employees for whom prescription contributions were not collected for 1 to 10 months.
- Nine employees for whom dental contributions were not collected for 3 to 9 months.
- Nine employees for whom vision contributions were not collected for 3 to 10 months.

Eighty percent of these employees were separated from district employment subsequent to their leave without pay without fully reimbursing the district. Combined health benefits premium overpayments for employees on leave without pay amounted to \$190,058. The district did not provide support that premium contributions were billed to these employees.

Recommendation

We recommend the district implement written procedures for the timely removal of ineligible individuals from the district's benefit plans. The procedures should require monthly review of billings for enrollment eligibility. We also recommend the district improve its monitoring of individuals on leave without pay to ensure timely billing and prompt collection of required contributions.



Preschool Program

Pursuant to the School Funding Reform Act, P.L.2007, c260, adopted in January of 2008, the district offers a free full-day preschool program for three- and four-year-old students living in the city of Plainfield whose birthday comes on or before October 1st of the enrolling school year. During school years 2021-2022 and 2022-2023, services were provided by nine contracted preschool providers for an average of 1,446 students per day. Total expenditures during this period averaged \$23.2 million, including payments to the nine providers averaging \$20.4 million.

Payments To Providers

The district paid an additional \$884,969 to private providers of preschool education for services that could have been provided as part of their original contracts.

N.J.A.C. 6A:13A-10.1 requires the district board of education to verify the accuracy and efficiency of annual budget planning workbooks submitted by each contracting private provider and ensure that the budget of each provider aligns with the actual program costs. The code also requires the district board of education to monitor the expenditures of each provider to recoup any unexpended or misspent funds based on the providers' quarterly expenditure reports and enrollment records. According to N.J.A.C. 6A:13A-10.2, amendments to or budget transfers within the approved budget planning workbook require approval by the district board of education. The School Funding Reform Act allows the district to carry forward any preschool education aid not expended by the district during the budget year.

During our review of school year 2021-2022 budgets submitted by private providers and respective payments made to the providers by the district, we noted the district increased original budgets for three of nine providers by \$523,315, \$194,897, and \$166,756, respectively, without board approval. According to the district, the budgets were revised because the three providers were compensated for absorbing additional students previously schooled by a provider that discontinued its services at the end of the previous school year. During its last year of operation, that provider had served an average of 52 students.

It is questionable whether the budget increases were necessary or justified because there were 149 open slots available as of September 2021 at the remaining providers where the students could have received services without additional cost to the district. The district was unable to

provide us with copies of revised budgets or any planning or fiscal analysis in support of the increases. The only written documentation presented was a letter issued in October 2021 by the district's Office of Early Childhood approving increased funding for a provider that received an additional \$523,315. The letter asked the provider to submit a line-item budget by November 15, 2021, after the funds had already been approved. Furthermore, by the time the letter was issued, students served by the former provider had already been placed and were receiving services from other providers. Similar approval letters for supplemental funding issued to the other two providers were not available for our review.

We reviewed school year 2021-2022 payments made by the district to the three providers, quarterly expenditure reports submitted by the providers, and actual versus originally contracted enrollments. We noted that the provider that received \$523,315 did not hire any additional teachers, its daily average enrollment remained at or below originally contracted students for all but one month, and the provider did not spend any of the supplemental funding. The remaining two providers enrolled some additional students beyond those originally contracted, one employed an additional teacher, and both spent most of their supplemental funding.

Enrollment Documentation

The district failed to collect required residency documentation.

The district offers a free full-day preschool program to Plainfield residents. The district requires the child's original birth certificate, updated immunization records with the most recent physical exam, and proof of Plainfield residency, such as a current utility bill and official mail in one of the parent's names to enroll the student into the program. If the utility bills are included in rent and/or are not in either parent's name, a notarized affidavit of residency form signed by a landlord/utility account holder and a copy of their current utility bill must be obtained, as well as any current official mail in either parent's name for proof of address.

There were 825 students enrolled in the four-year-old preschool program for the 2021-2022 school year. We tracked their enrollment through the 2022-2023 school year and identified 137 students who did not continue their education within the Plainfield Public School District, including 64 who attended kindergarten in neighboring school districts during the 2022-2023 school year. We judgmentally sampled 52 of the 64 students to determine if adequate documentation had been obtained by the district at the time of preschool enrollment.

We found that residency documentation required by the district was not available for 12 students (23 percent): the district could not locate any enrollment documents for four students, and proof of residency documentation for eight students was insufficient.

We performed further searches to verify the addresses of the eight students. For three of the eight students, we could not find any information indicating residency in Plainfield but found probable residency in neighboring towns that do not provide free preschool education for all students. At an approximate average cost per student of \$16,298 during the 2021-2022 school year, the district likely spent \$195,576 on ineligible students.

Recommendation

We recommend the district ensure proposed budget increases are supported with analysis to justify the increases, board approved, and well monitored. We also recommend the district recoup funds from the provider that did not absorb additional students beyond originally contracted and did not spend any of the additional funding. In addition, we recommend the district enforce its preschool residency requirements by collecting and verifying the required documentation to ensure only Plainfield residents attend its preschool program.



Procurement

Procurement Process

The district did not always comply with applicable purchasing policies and regulations.

N.J.A.C. 6A:23A requires a school district to establish policies and procedures on internal controls, which are necessary to promote operational efficiency and effectiveness, provide reliable financial information, safeguard assets and records, encourage adherence to prescribed policies, and comply with laws and regulations.

Total non-payroll general fund expenditures totaled \$63.3 million, \$73.7 million, and \$98.5 million for fiscal years 2021, 2022, and 2023, respectively. The district purchases goods or services through state contracts, cooperative purchasing programs, or directly from vendors after obtaining bids or quotes when required. According to N.J.S.A. 18:18A (Public School Contracts Law), goods or services that in the aggregate are \$6,000 or more but less than the bid threshold for the entire year (\$44,000 during our audit period) require at least two competitive quotes. Public advertising for bids is required when procuring goods or services that in the aggregate exceed the bid threshold. The district has a decentralized process where the individual requesting the goods or services is required to obtain price quotes for applicable transactions. If the transaction exceeds the bid threshold, the district's procurement department has the responsibility of advertising for bids.

We judgmentally selected 70 transactions totaling \$4.9 million for testing based on dollar amounts and vendors. Our testing identified the following internal control weaknesses over procurement:

- Nine transactions (13 percent) totaling \$224,534 lacked documentation of a competitive procurement process in accordance with the Public School Contracts Law.
- Fifteen transactions (21 percent) totaling \$281,497 were unauthorized purchase orders (confirming orders). The district's purchasing manual prohibits unauthorized purchases, which are defined as orders placed and/or received for any materials, supplies, or services without first going through the approved purchase process.

- Seven transactions (10 percent) totaling \$150,198 did not match the quote, price list, or bid pricing, resulting in \$18,886 of overpayments. Additionally, we could not verify the accuracy of pricing for two transactions (3 percent) totaling \$251,751 because we were not provided with adequate supporting documentation.
- Five purchase requisitions (7 percent) totaling \$131,636 were not created or approved properly.

Landscaping Services

The district circumvented the procurement regulations for landscaping services and conducted business with multiple companies owned by the same individual.

The district paid an average of \$271,435 per year during our audit period for landscaping services and seasonal maintenance services without publicly advertising for bids as required by N.J.S.A. 18A:18A-3 and the district's purchasing manual. Instead, the district divided services by type and location and created multiple purchase orders to circumvent bidding requirements. Advertising for bids is required when procuring goods, materials, services, and public work projects exceed \$44,000 in the aggregate. The aggregate cost is defined as the sums expended for goods or services in connection with the same purpose or task.

Furthermore, the district paid six companies owned by the same individual \$127,290, \$142,100, and \$234,565 in fiscal years 2021, 2022, and 2023, respectively, for landscaping and seasonal cleanup services. In four instances, two quotes for the same service request were provided to the district by two companies owned by the same individual. These quotes had the same date, address, and/or phone number.

Debarred Vendor

The district conducted business with a vendor on the debarred list.

Debarment is defined by former Governor Brendan Byrne's Executive Order #34 as measures that should be invoked by the state to exclude or render ineligible persons from participation in contracts and subcontracts with the state. These measures should be used to protect the interests of the state. Additionally, the district's purchasing manual prohibits the board of education from entering into a contract for work with a vendor that is on the Department of Labor and Workforce Development's (DOLWD) Prevailing Wage Debarment List. We compared vendors used by the district during fiscal years 2021 through 2023 to DOLWD'S debarment list and found that the district had used a debarred vendor. The vendor had been debarred in July 2022, and the district created five purchase orders between August 2022 and January 2023 totaling \$306,374. After we brought this debarred vendor to the district's attention, it canceled all future transactions. Total payments already made to the vendor were \$252,819.

A lack of competitive procurement, proper documentation, unauthorized purchases (confirming orders), and weak internal controls over the procurement process could lead to improper expenditures of district funds.

Recommendation

We recommend the district review and strengthen internal controls of the procurement process to ensure compliance with applicable state laws and the district's policies. We further recommend the district consult the state and federal debarment lists prior to engaging in business with vendors.



Laptops

The district failed to safeguard laptops purchased with coronavirus relief funds.

The district received \$1,098,107 in coronavirus relief funds during fiscal year 2021. The district spent \$490,800 of the funds to purchase 400 laptops and associated peripherals, with each laptop costing \$1,227. The district's policy and practice is to tag and inventory acquired equipment and to document assignment of the device in their inventory system.

To verify the laptops were properly inventoried and assigned, we traced serial numbers from the invoices to the district's Information Technology asset list and noted that 120 laptops were not assigned. Following our inquiries concerning the unassigned laptops, the district provided us with a revised assignment list for the 120 laptops. Our review of the revised list noted the following:

- Seventeen laptops (14 percent) were still unassigned, including two that were never tagged. We requested to examine the two untagged laptops, but the district was unable to present the laptops for our verification.
- District records indicated that 34 laptops (28 percent) remain assigned to staff no longer employed by the district. The district was unable to present 26 of the 34 laptops for our verification. The district uses a checklist to identify items an exiting employee must return to the district before issuing a final paycheck. The checklist is signed and dated by a human resources representative and by the employee; however, it does not provide a serial number or any other identification number of an item. We were provided with signed copies of the checklists for 10 of the 34 former employees. Laptops assigned to 6 of the 10 employees were not presented for our verification.

The acquisition value of the 28 laptops that are unaccounted for was \$34,356.

Recommendation

We recommend the district strengthen its practices for safeguarding and maintaining assets and attempt to recover the missing laptops.



Wireless Lines

The district lacked internal controls to adequately monitor the assignments and efficient usage of wireless lines.

N.J.A.C. 6A:23A-6.4 requires school districts to establish specific policies and procedures on internal controls that promote operational efficiency and effectiveness and safeguard assets. The district does not have written policies or guidelines governing safeguards, use, and assignments of wireless devices/lines, and it does not maintain a complete list of assignments. Assignment of wireless devices requires the completion of a form with the district's Information Technology department, which is also responsible for deactivating wireless services with the provider. The district's Human Resources department is responsible for collecting devices from separating employees.

The district's expenditures for wireless device services totaled \$181,403 in fiscal year 2023, including a total of \$31,384 for 198 devices in August 2022 and 213 devices in October 2022. We analyzed the August 2022 and October 2022 invoices to verify lines were assigned to active employees and found the following:

- 79 wireless lines showed no usage in August 2022 and 85 showed no usage in October 2022, with 73 showing no usage in both months.
- 13 of the 73 unused lines were assigned to inactive employees who had been separated for between two months and four years, and 15 were unassigned spare lines. The total charges for the 28 lines were \$2,811 in those two months.

Recommendation

We recommend the district establish and implement formal policies and procedures for the safeguard, use, and assignment of wireless devices and maintain complete and accurate assignment records. We also recommend the district assess the need for the wireless devices and deactivate unnecessary lines to ensure an efficient use of the services.



Payroll and Personnel – Overtime Payments

The district lacks internal controls over overtime payments, and overtime payments to employees were not accurate.

The district paid overtime of \$962,130, \$2,329,627, \$3,165,522 in fiscal years 2021, 2022, and 2023, respectively. This includes both straight-time overtime for hours worked exceeding the employee's regularly worked hours up to 40 hours per week and regular overtime paid at time and a half for any hours worked beyond 40 per week. We originally selected 77 transactions in support of 60 overtime payments for review based on high overtime earners and different job titles totaling \$139,894. Our population included 7,082 transactions totaling \$4,591,073 (as of December 2022). Based on the results of our test, we expanded our review of overtime to custodial staff and confidential secretaries. We noted the following:

- The district does not have written policies and procedures for the payment of overtime and is inconsistent in how the overtime payments are calculated and processed.
- Fifty-seven of 74 applicable transactions (77 percent) were processed at an incorrect rate, and hours for 9 transactions were calculated incorrectly resulting in \$7,731 in overpayments and \$6,436 in underpayments; 28 of 30 applicable overtime payments (93 percent) had no prior pre-authorization as required; overtime for three employees was not properly approved; and the reason for overtime was not specified on the timesheet of six employees.
- According to the Fair Labor Standards Act (FLSA) and New Jersey Wage and Hour regulations, a regular rate for an employee's salary is obtained by dividing a salary by the number of work hours for which the salary is intended to compensate. The district calculates the overtime rate using 7.5 hours per day for most employees regardless of their contractual work hours. The district used the methodology to calculate the overtime rate for employees in the Facilities and Grounds department who contractually work 8-hour days. We determined the district overpaid the employees \$199,625 in overtime from July 1, 2020 through June 30, 2023 because of the calculation error. After we brought it to the district's attention, the error was corrected effective July 2023.
- The district chooses to pay overtime to confidential secretaries even though federal and state laws exempt employers from paying overtime to individuals holding administrative jobs. There is no employment contract for confidential secretaries. Overtime was paid to one confidential secretary for hours worked over 37.5 in a workweek, rather than for hours in excess of 40 in a workweek as required by law. One of four confidential secretaries averaged \$14,131 in overtime payments during our audit period.

Recommendation

We recommend the district develop written policies and procedures for payments of regular overtime and straight-time overtime, exercise additional scrutiny when calculating payments to employees, and ensure payments are properly supported and approved.



Payroll and Personnel – Collective Bargaining Agreement

The district failed to specify contractual work hours for bus drivers in its collective bargaining agreement.

During fiscal years 2022 through 2023, the district employed an average of 28 contractual bus drivers. All but one were hired on a part-time basis until November 2021 when the district offered the drivers full-time employment and health benefits. The one bus driver has been an 8-hour full-time employee since 2001.

The relationship between the school board, administration, and union is governed by the New Jersey Employer-Employee Relations Act. According to the Act, terms and conditions of employment shall be embodied in writing and signed by the authorized representatives. Generally, terms and conditions of employment include work hours, salary, and benefits.

The district's Plainfield Education Association collective bargaining agreement does not specify contractual work hours for the bus drivers as it does for all other job titles. The district compensates the bus drivers based on a full-time, 8-hour salary guide. Drivers were also listed in the district's new electronic payroll and personnel system implemented in January 2023 as 8-hour per day employees. However, the bus driver's transportation department work schedule calls for a 6-hour workday (three hours in the morning from 6:30 am to 9:30 am and three hours in the afternoon from 1:30 pm to 4:30 pm) and the drivers receive additional compensation at their regular salary rate for work hours in excess of 6 hours per day until they exceed 40 hours per week. During fiscal years 2022 and 2023, an average of 25 bus drivers received an additional \$380,504 in such compensation. The district could not provide written support for contractual work hours. In addition, the district calculates bus drivers' overtime rate based on 7.5 contractual hours per day.

We reviewed fiscal year 2023 timesheets for nine bus drivers and noted they worked more than six hours per day on average 154 days in the school year, with 70 percent of the extra worktime occurring between 9:30 am and 1:30 pm. This would indicate the district needs bus drivers for more than six hours per day. If the bus drivers were expected to work an 8-hour shift and 70 percent of their additional worktime had occurred during the morning break, the district could have potentially saved \$266,353 in extra compensation during fiscal years 2022 and 2023.

Recommendation

We recommend the district develop well-defined employment contracts/agreements that include all essential terms of employment, such as expected work hours.



Payroll and Personnel – Unused Leave Payouts

Payments to employees for unused leave time balances were not accurate.

Payments for unused vacation leave made to 47 employees during fiscal years 2021 through September 2022 totaled \$495,300. We judgmentally selected payments made to 30 employees totaling \$415,224 based on the highest number of unused vacation days paid and noted the unused vacation leave balances were not calculated correctly in 15 instances. The errors resulted in \$46,281 in overpayments and \$12,153 in underpayments. Additionally, 22 of 30 employees sampled had carryover vacation ranging from 2 to 14 days in their leave balance in the year of the vacation payout. The district’s collective bargaining agreements establish that vacation leave must be used the year it is granted and can be carried over only under certain circumstances with the superintendent’s approval (a maximum of five vacation days can be carried over by administrators). The district could not provide written documentation of the superintendent’s approval for 21 of the 22 employees. The unapproved carryover days amounted to \$24,447 included in employee’s vacation leave payouts.

Payments for unused sick leave made to 75 employees during fiscal years 2021 through September 2022 totaled \$260,635. We judgmentally selected payments totaling \$175,458 made to the 27 employees with the highest number of unused sick days paid and noted the leave balances were not calculated correctly in seven instances. The total errors resulted in \$2,788 in overpayments and \$360 in underpayments.

Thirteen of 15 overpayments for the unused vacation and sick leave resulted from the district paying employees for the full year of leave in the last year of employment when the employee separated during the year before earning a full year of leave. The district does not have written policies and procedures defining accrual and payment of sick and vacation days and relies on employee bargaining agreements that do not always address the terms of unused leave payouts. The district pays some employees separated mid-year for the full year of leave and prorates earned leave for others.

Recommendation

We recommend the district develop written policies and procedures for the unused leave payouts and exercise additional scrutiny when calculating payments to employees.



Payroll and Personnel – Time and Attendance

The district does not use its electronic time and attendance system to its full potential.

The district uses an electronic system to capture employee hours electronically and track attendance in real time. Employees are required to use a swipe card at a central location of each building or to sign in and out using their cellphone or computer if connected to the district's network. Employees are also required to record leave time in a leave management system that integrates with the attendance system. According to the district's written attendance and absence procedures, employees who do not sign in and out or fail to record absences in the electronic system will be docked pay. The sign in and sign out practice is vital to ensure employees are present for their contractual hours and leave time is properly tracked. It is also important for management to know the location of its staff in case of an emergency. While employees are required to swipe in and out daily for their regular shift, their extended hours are not accounted for through the electronic system, as any overtime or compensatory time is recorded on paper timesheets and must be manually calculated resulting in errors.

We judgmentally selected 55 of 1,326 employees in various job titles and assigned to various school buildings during one pay period in fiscal year 2022 and 55 of 1,279 employees in various job titles and assigned to various school buildings during one pay period in fiscal year 2023 to determine if employees were signing in and out as required and if leave time was properly recorded for employees who did not sign in and out. We noted the following:

- Eleven employees (20 percent) did not sign in and/or out during the one pay period tested in fiscal year 2022, including seven who did not sign in and out for one day and four employees who did not sign out for 1 to 10 days.
- Eight employees (14.5 percent) did not sign in and/or out during the one pay period tested in fiscal year 2023, including three employees who did not sign in and out for one day, one employee who did not sign in for five days and out for four days, and four employees who did not sign out for one to nine days.

There was no leave time recorded for the above employees who failed to sign in or out, and their pay was not docked. The district is not consistent in monitoring attendance using the electronic system and does not use its potential to improve efficiency of the payroll process by requiring electronic timesheets for the recording of overtime hours.

Recommendation

We recommend the district enforce the use of its electronic attendance and absence systems, expand the use of the attendance system to account for employee overtime hours, and consider integrating the system with its electronic payroll system to improve payroll efficiency.



Criminal History Background Checks

Criminal background checks were not always completed for district employees, and the district did not verify background checks for employees of preschool providers.

P.L.1986, c.116 (N.J.S.A. 18A:6-7.1), enacted on October 8, 1986, requires all prospective employees of a facility, center, school, or school system, under the supervision of the New Jersey Department of Education (DOE) and board of education that cares for or is involved in the education of children under the age of 18 and whose job duties include regular contact with pupils to submit to a criminal history background check as a condition of employment. Results of the criminal history background check are returned to and maintained by the district human resources office.

We obtained from the DOE a list of individuals cleared to work for the district, and we compared it to the district's current employees as of September 15, 2022. We found the district failed to ensure the proper background check process was completed for 10 of the 1,221 individuals meeting the criteria. These individuals had completed criminal history background checks for another employing district; however, the district may not have been notified if an arrest for a subsequent disqualifying offense occurred. Following our inquiries, 9 of the 10 employees completed a background check archive or transfer process to update their employment to the Plainfield School District. The one other employee had already separated from the district.

In addition, N.J.A.C. 3A:52 requires employees of childcare centers to have a Criminal History Record Information (CHRI) fingerprint background check. An individual shall be permanently disqualified from employment at or ownership of a childcare center if the CHRI background check for the individual reveals a record of conviction for a disqualifying offense. Furthermore, N.J.A.C. 6A:13A-10.1(c) requires the district board of education to verify that all required background and criminal checks on all employees have been conducted. According to the DOE's Office of Preschool Education, the minimum documentation necessary to certify the background checks are completed is a signed affidavit. The district was not able to provide us with copies of affidavits ensuring background checks were completed for 336 employees in fiscal year 2023 because the district had not been requesting the affidavits from the providers. After we brought it to the district's attention, it began obtaining the required evidential documentation.

Recommendation

We recommend the district ensure that any individual who may come in contact with students completes the required criminal history background process prior to employment and the employer listed on the background check is accurately reflected. We also recommend the district continue its verification process to ensure that CHRI background checks are completed for all preschool provider employees.



Information Technology

The district's system access controls are deficient, and the district is lacking a disaster recovery plan.

N.J.A.C. 6A:23A-6.7(c) requires access controls to be established for key elements of financial systems to ensure a single person does not have the ability to make system edits that would violate segregation of duties controls. The code also requires a review of user access to be conducted at least annually and access to the network and key applications within the school district to be restricted to authorized users. Furthermore, the National Institute of Standards and Technology (NIST) and New Jersey's *Statewide Information Security Manual (SISM)* recommend user agencies identify and document functions, tasks, and responsibilities and ensure system access for terminated employees is disabled within an organization-defined period.

The district uses the Genesis system for various functions. The budgetary, accounting, payroll, and personnel modules are collectively referred to as School-Fi, and the student academic and demographic management module is known as the Student Information System (SIS). As of January 2023, the district had 914 unique Genesis system users, including 25 with access to School-Fi. Our review of the Genesis system noted system security was not adequately administered and monitored as evidenced by the following conditions:

- There were no written policies and procedures in place governing the use of the Genesis system.
- Four employees had access to both the personnel and payroll modules of the School-Fi system and had system privileges that allowed them to add new employees to the system and process their payroll payments. After we brought this issue to management's attention, the employees' personnel access rights were limited to prevent them from adding an employee to the system.
- Access to the Genesis SIS was not terminated for 40 users upon their separation from district employment until 34 to 619 days later. Six of the 40 users accessed the system ranging from 6 to 158 days after their separation.
- Four users, including the Superintendent, Business Administrator, IT Project Manager, and Director of Student Enrollment/Data Systems Supervisor, had system administrator privileges that allowed them full access to the School-Fi system. System administrators can add users, assign roles, and delete the users from the system. The system administrator should be independent of any transaction process.
- The NIST and *SISM* recommend system users develop, implement, and test a contingency plan for disaster recovery that addresses maintaining essential mission and business functions in the event of a system disruption, compromise, or failure. The district does not have a documented disaster recovery plan in place.

A lack of formal policies and procedures related to system access and contingency planning weakens the district's internal control environment.

Recommendation

We recommend the district develop and maintain system policies and procedures to ensure segregation of duties, timely termination, and adequate monitoring of system access. We further recommend the district reassign duties of the system administrator to individuals independent of any transaction process and develop, implement, and test a contingency plan for disaster recovery.



School Facilities

The district did not always enforce policy and regulation for rental of facilities.

The district has a policy and a regulation for the use of district facilities. The Use of School Facilities policy 1330 requires all requests for waivers of fees for the use of school facilities to be presented to the board of education for review and approval. Additionally, according to the Use of School Facilities regulation 1330R, individuals or organizations wishing to use district facilities are categorized into five different classes or groups. Free use of school facilities may be granted only to certain school, municipal, and county organizations who benefit students of the district if the facilities are used within regular custodial service hours and their use will not create additional supervisory or custodial requirements.

The regulation provides a rental fee schedule for all user classes, including users who charge a participation fee for their events. Facilities rental fees vary depending on the type, ranging from \$5 per hour (recreational/sports users) to \$1,500 (for-profit users) per day depending on district location and facilities user. All facilities usage requests that require additional custodial, maintenance, cafeteria, and/or technical personnel will incur additional charges. The regulation does not specify how these additional charges should be calculated.

Total rental fees earned in fiscal year 2023 as of April 11, 2023 totaled \$54,372. We sampled 20 of 70 reported users of district facilities for the 2023 fiscal year to determine compliance with the district policy and regulation and noted the following:

- Five users were not charged facilities rental fees as required, and a board resolution for waiver of fees was not provided. Total facilities rental charges should have been approximately \$8,925. Total hours incurred by staff were 1,045; however, facilities usage records do not specify if usage of staff was outside of their regular service hours.
- Nine users were not charged for staff costs for approximately 8,371 hours needed to facilitate the events. Facilities usage records do not specify if usage of staff was outside of their regular service hours.

- Two users were not charged rental fees even though the users anticipated to charge entrance fees for their events according to district records. The district's parking lots were used; however, the regulation does not specify fees for usage of parking lots.

In addition, we found there is a mismatch between user classification in the district's scheduling software and the user definitions provided in regulation 1330R.

Recommendation

We recommend the district adhere to the Use of School Facilities policy and regulation by charging required fees or by obtaining board approval for the fee waiver. We also recommend the district review the user classification definitions in regulation 1330R and ensure it matches the definitions in its scheduling software.



Observations

Non-Instructional Expenditures Efficiency

The district exceeded efficiency standards for hired custodians, and the district's overtime cost would have been \$2 million less had the district achieved the standards.

N.J.A.C. 6A:23A-9.3 establishes efficiency standards for the review of administrative and non-instructional expenditures and efficient business practices. In determining whether a school district has implemented all potential administrative efficiencies and/or eliminated all excessive non-instructional costs, the executive county superintendent shall consider the efficiency standards and Taxpayers' Guide to Education Spending indicators. According to the code, overtime pay for any given function should not exceed 10 percent of regular wages for that function.

During fiscal years 2022 through 2023, the district overtime payments totaled \$4.6 million. The overtime for custodial services, security, maintenance for school facilities, student transportation services, and administrative information and technology exceeded 10 percent of regular wages for each function.

Had the district achieved the efficiency standards, \$2 million in overtime savings could have been achieved, as summarized in the following table:

FY 2022 - FY 2023				
Work Function	Regular Wages	Total Overtime	Overtime - 10% of Wages	Savings if 10% Efficiency Achieved
Custodial Services and Building Rentals	\$ 11,307,566	\$ 2,224,790	\$ 1,130,757	\$ 1,094,033
Security	4,032,363	801,255	403,236	398,019
Maintenance for School Facilities	1,463,305	363,325	146,330	216,994
Student Transportation Services	3,492,186	493,602	349,219	144,384
Administrative Information Technology	2,686,118	367,725	268,612	99,114
Total	\$ 22,981,538	\$ 4,250,698	\$ 2,298,154	\$ 1,952,544

We reviewed the custodial staffing efficiencies because they earned the most overtime. According to N.J.A.C. 6A:23A-9.3, the efficiency standard for the use of custodians and janitors is a ratio of one employee for every 17,500 square feet of building space calculated on a districtwide basis. Pursuant to the Common Education Data Standards (CEDS), one custodian, properly supplied and equipped, should be able to clean 19,000 to 25,000 square feet of space in eight hours, depending on the condition and use of the facility, to ensure the health and comfort of building users. The CEDS specify one custodian can clean approximately 11,000 to 18,000 square feet in an eight-hour period if performing more intensive cleaning.

Based on the efficiency ratio established in the administrative code, the district needs 76 custodians for their 1,316,059 square feet of building space. Between July 2021 and December 2022, the district employed an average of 94 custodians covering an average of 14,442 square feet each. Average annual earnings for custodians in fiscal year 2023 were \$66,671.

The district submits a midyear efficiency report to the County Superintendent, which includes the district’s statement on overtime and custodial staffing efficiency. Our review of the December 2021 and December 2022 midyear reports noted the district claimed overtime efficiencies of 10 percent or less for any given function had been achieved and custodial staffing efficiency was achieved.



Adjustments to Monthly Budget Payments

The district could have saved approximately \$570,000 if adjustments for average daily enrollment were allowed.

According to the DOE’s approved standard Preschool Education Program contract for school year 2022-2023 used by the districts, in the event the average monthly enrollment for the month (from October through June) is less than fourteen-fifteenths (14/15 or 93.33 percent) of the number of contract slots, the amount due the following month under the contract should equal the monthly amount multiplied by the average monthly enrollment for the month, divided by the number of contract slots. However, in December 2022, the DOE’s Division of Early Childhood

Services provided guidance requiring districts to continue paying their contracted providers for their contracted enrollment through 2023. Districts were permitted to reduce monthly payments for salaries for classrooms where teachers had not been hired. We reviewed average daily enrollments for the district providers and determined that the district would have saved approximately \$570,000 (less end of contract year modifications) if adjustments for under enrollment were allowed.



Appendix

Methodologies to Achieve Audit Objectives

To test for related party transactions during fiscal years 2021 through 2023, we matched district employee addresses with vendor addresses. We then selected vendors with high address similarities for further review.

To test for irregularities of fiscal year 2023 student attendance records, we reviewed and analyzed records submitted by all nine preschool providers.

To determine if payments for extra compensation were accurate and paid in accordance with contractual agreements and policies, we judgmentally selected 70 payment transactions totaling \$108,616 for testing. Our population included 28,345 transactions from fiscal years 2021 to September 2022 totaling \$13,685,304.

To determine if employee contributions for health benefits were in accordance with state health benefit laws, the district's health plans, and contractual agreements, we tested 25 employee contributions from an average population of 1,019 employees during the period of July 1, 2020 through November 14, 2022.

To determine the legitimacy of employees in the payroll system, we performed multiple tests to review employees with duplicate accounts, similar addresses, break in pay, and zero pay. Because the district used two different payroll and personnel systems during our audit period, we selected our test samples from different populations that averaged 1,502 district employees between fiscal year 2021 to 2023.

To determine if terminated/separated employees were removed timely from the School-Fi payroll system, we tested 24 of 142 employees separated from October 15, 2021 and May 31, 2023.

To determine the sufficiency of the server room's physical security according to the state guidelines, we performed a walkthrough and survey of the server room.

To determine if the devices listed on the IT inventory report were at the listed locations and assigned to employees on the inventory report, we performed an inventory test of 23 devices from the population of 7,384 devices.

To determine if only active employees had access to the district's financial system, we tested all 45 unique users who successfully logged into the system between May 2022 and February 2023.

To verify the district performed the student address verifications, we sampled and reviewed supporting documentation for 49 of 1,203 students identified as not having their in-district residency verified as of September 13, 2022.





MOVING PLAINFIELD PUBLIC SCHOOLS FORWARD

Plainfield Public Schools

Office of the Superintendent of Schools

Rashon K. Hasan, Ed. S., Superintendent of Schools

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July 11, 2024

Mr. David J. Kaschak, State Auditor
New Jersey Legislature
Office of Legislative Services
Office of the State Auditor
125 South Warren St
Trenton, NJ 08625-0067

Dear Mr. Kaschak:

I have received your audit report of the Plainfield Public School covering the period July 1, 2020, to June 30, 2023. On behalf of the school district, thank you for reviewing district processes and procedures, and making corresponding recommendations. Below are the findings identified in the audit, and the district's responses and action steps.

Health Benefits

Finding: The district could have saved \$6.4 million in fiscal year 2023 if it participated in the School Employees' Health Benefits Program.

Recommendation: We recommend the district analyze and select the most cost-effective options in accordance with the statute when choosing its health benefit plans.

District Corrective Action(s):

- Prior to joining the SHIF (Schools Health Insurance Fund) for SY2021 – 2022, the Board reviewed rate projections from different Health Insurance vendors as a part of an RFP submission process.
- During SY2021 – 2022 members of the SHIF subdivided to create the Bergen Health Insurance Fund, and the Board reviewed all SHIF rate projections and State Health Benefit Plan rate projections, prior to renewing membership in Bergen HIF for SY2022 – 2023.
- The Bergen HIF then subdivided, with the district as a founding member of Metro HIF in February 2023, and each year as a part of the Budget cycle, the Board reviews with its HIF Representative, the State Health Benefit Plan rate projections and Metro HIF rate projections (based on Metro HIF members usage only).
- It should be noted that at the time of this response, the district was informed of SY25 rate increases in the State Health Benefit Plan for Local Districts as follows: Active Medical +21.9% (NJ 10/15) & +8% (NJ EHP/GSHP), Active Rx +29%, Early Retirees +11.9% (Medical), +16.3% (Rx), MCARE +9%

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(Medical), and +18% (Rx). These significant rate increases and the SHBP rate increases last year, justifies the Board's theory that temporary State Health Benefit Plan savings would not be sustainable long term.

Health Benefits Eligibility

Finding: Monthly billings for health benefits are not reviewed to verify enrollment eligibility, and premium contributions are not collected timely from employees on leave without pay.

Recommendation: We recommend the district enact procedures for the timely removal of ineligible individuals from the district's benefit plans. The procedures should require monthly review of billings for enrollment eligibility. We also recommend the district improve its monitoring of individuals on leave without pay to ensure timely billing and prompt collection of required contributions.

District Corrective Action(s): The district has restructured the organization and reassigned the function of employee health benefits management and enrollment to the Office of Human Resources for better alignment. The Office of Human Resources has developed standard operating procedures for the monthly reconciliation of health benefit payments and verification of enrollment eligibility.

Preschool Program

Finding (A): The district paid an additional \$884,969 to private providers of preschool education for services that could have been provided as part of their original contracts.

Recommendation: We recommend the district ensure proposed budget increases are supported with analysis to justify the increases, board approved, and well monitored. We also recommend the district recoup funds from the provider that did not absorb additional students beyond originally contracted and did not spend any of the additional funding. In addition, we recommend the district enforce its preschool residency requirements by collecting and verifying the required documentation to ensure only Plainfield residents attend its preschool program.

District Corrective Action(s):

Justification and Monitoring of Budget Increases: The district concurs with the recommendation to ensure that all proposed budget increases are backed by thorough analysis, board approval, and stringent monitoring. To this end, the district has implemented the following steps:

- **Analysis and Justification:** All budget increase proposals must be accompanied by detailed justifications, including an analysis of need, cost-benefit evaluation, potential impacts, enrollment projections and average daily attendance reports.
- **Board Approval:** Every proposed budget increase will be presented to and approved by the Board of Education before any additional funds are committed.
- **Monitoring:** The district has enhanced financial oversight mechanisms by establishing a

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dedicated team to monitor budget adherence and utilization of funds by private providers.

Recoupment of Funds: The district is committed to recouping the \$884,969 from the three providers that failed to absorb additional students as per their original contracts and did not utilize the additional funding. The following standard operating procedures (SOPs) have been established for this process:

- **Contract Review and Compliance:** The district conducts a thorough review of all contracts and quarterly expenditure reports to identify discrepancies and ensure compliance with original terms. Any discrepancies are reconciled immediately with proper notice to the provider.
- **Fund Recovery Process:** The district has initiated a formal process to reclaim funds, including legal actions if necessary. This involves issuing notices to the providers concerned, followed by negotiation and, if required, litigation. During each quarterly review, enrollment is evaluated and "direct cost" funding for classes that lack sustained enrollment that justifies operating (under enrolled classes) is recouped in subsequent months through direct payment reductions as part of the district's reconciliation.

Finding (B): The district failed to collect required residency documentation.

Recommendation: We recommend the district ensure proposed budget increases are supported with analysis to justify the increases, board approved, and well monitored. We also recommend the district recoup funds from the provider that did not absorb additional students beyond originally contracted and did not spend any of the additional funding. In addition, we recommend the district enforce its preschool residency requirements by collecting and verifying the required documentation to ensure only Plainfield residents attend its preschool program.

District Corrective Action(s):

- To address the above finding of 1.4% inaccuracy on residency documentation, the district continues to improve and has established a Division of Enrollment with the express purpose of ensuring all students registered are domiciled within the Plainfield city limits. Residency verification occurs at the point of registration and subsequently at transitional grades 6 and 9. There are 2.5 Residency Officers newly hired to verify stated addresses and ensure accountable budget procedures. By January of 2025, The District will consolidate the preschool and K-12 enrollment center to establish one point of enrollment into the Plainfield Public School District.

Procurement

Finding (A): The district did not always comply with applicable purchasing policies and regulations.

Recommendation: We recommend the district review and strengthen internal controls of the procurement process to ensure compliance with applicable state laws and the district's policies. We further

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recommend the district consult the state and federal debarment lists prior to engaging in business with vendors.

District Action Step(s):

- The district issued written reprimands to employees who initiated requisitions but did not comply with district SOPs for procurement and issued written warnings to vendors for providing goods/services without a purchase order.
- The district provides re-training for requisition initiators twice a year, to strengthen proper procedures related to the elements of the requisition process.

Finding (B): The district circumvented the procurement regulations for landscaping services and conducted business with multiple companies owned by the same individual.

Recommendation: We recommend the district review and strengthen internal controls of the procurement process to ensure compliance with applicable state laws and the district's policies. We further recommend the district consult the state and federal debarment lists prior to engaging in business with vendors.

District Corrective Action(s):

- The district removed requisition initiator rights away from the staff member who entered the requisitions for the service in question
- The district issued a letter to each entity, informing them of their debarment from conducting further business with the district.
- The district streamlined their database and process for compiling and archiving new and previous vendors.

Finding (C): The district conducted business with a vendor on the debarred list.

Recommendation: We recommend the district review and strengthen internal controls of the procurement process to ensure compliance with applicable state laws and the district's policies. We further recommend the district consult the state and federal debarment lists prior to engaging in business with vendors.

District Corrective Action(s):

- The district's division of purchasing checks the State and Federal Debarred Vendor List, as a part of the approval process for all new district vendors.
- The district's division of purchasing checks the State and Federal Debarred Vendor List as a part of reviewing vendors approaching the aggregate purchase limit.

Information Technology - Laptops & Wireless Lines

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Finding (A): The district failed to safeguard laptops purchased with coronavirus relief funds.

Recommendation: We recommend the district strengthen its practices for safeguarding and maintaining assets and attempt to recover the missing laptops.

District Corrective Action(s):

- The district has implemented a new “Asset Management” system to assign and track assets.
- All laptops for staff are now assigned directly to the staff opposed to the building or location.
- Teacher's laptops now have “find my device” tracking software installed.

Finding (B): The district lacked internal controls to adequately monitor the assignments and efficient usage of wireless lines.

Recommendation: We recommend the district establish and implement formal policies and procedures for the safeguard, use, and assignment of wireless devices and maintain complete and accurate assignment records. We also recommend the district assess the need for the wireless devices and deactivate unnecessary lines to ensure an efficient use of the services.

District Corrective Action(s):

- All communication devices are assigned directly to staff as opposed to the department or school.
- Unassigned devices will be suspended “pending redeployment” for 30 days.
- All devices unassigned at the end of 30 days will be shut down and removed from the district’s active plan.
- The use of “MIFI” devices for staff has been dramatically reduced and requires written approval.
- The use of “MIFI” devices for student “home instruction” requires a written request.

Payroll and Personnel – Overtime Payments

Finding: The district lacks internal controls over overtime payments, and overtime payments to employees were not accurate.

Recommendation: We recommend the district develop written policies and procedures for payments of regular overtime and straight-time overtime, exercise additional scrutiny when calculating payments to employees, and ensure payments are properly supported and approved.

District Corrective Action(s):

- The district created written policies to detail the overtime authorization process, the payment of overtime to eligible employees, and aligned with the collective bargaining agreement.

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- The district has updated the internal controls through its payroll processing system to ensure that eligible employees are only paid an overtime rate once 40 hours have been worked in a work week, regardless of their collectively bargained workday. Additional compensation paid out for additional work time above the collectively bargained workday, but below 40 hours in a work week, will be paid out at straight time according to the FLSA.
- The district affirms and stands that Confidential Secretaries do not make the independent decisions necessary to clarify them as having administrative capacity and are exempt. Although some of the district's confidential secretaries support executives within the organization, they are often misclassified for this fact of Legal News Update. Additionally, the identified confidential secretary with \$14,131 in average overtime payments during the audit period, is often assigned to Board of Education meetings to provide clerical assistance.

Payroll and Personnel – Collective Bargaining Agreement

Finding: The district failed to specify contractual work hours for bus drivers in its collective bargaining agreement.

Recommendation: We recommend the district develop well-defined employment contracts/agreements that include all essential terms of employment, such as expected work hours.

District Corrective Action(s):

- The Collective Bargaining Agreement ratified by the Board of Education in January of 2024 and effective beginning July 1, 2024, specifies well-defined employment contracts/agreements that include all essential terms of employment, such as expected work hours.

Payroll and Personnel – Unused Leave Payouts

Finding: Payments to employees for unused leave time balances were not accurate.

Recommendation: We recommend the district develop written policies and procedures for the unused leave payouts and exercise additional scrutiny when calculating payments to employees.

District Corrective Action(s):

- Unused sick days leave payouts are administered as per statute NJ 18A:30-3.5. Earned vacation days are paid in accordance with the Collective Bargaining Agreements for PEA and PASA.
- Written procedures have been developed to include that all leave balances will be confirmed by the HR department in coordination with the Compensation Administration department on or after the last day of employment. The payout amount will be calculated by the payroll department as per district policy and contractual agreements.
- Final payouts for unused leave time will be approved by the Chief of HR and Chief of Business Operations/Asst Business Administrator and paid no sooner than 30 days after the last day of employment.

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Payroll and Personnel – Time and Attendance

Finding: The district does not use its electronic time and attendance system to its full potential.

Recommendation: We recommend the district enforce the use of its electronic attendance and absence systems, expand the use of the attendance system to account for employee overtime hours, and consider integrating the system with its electronic payroll system to improve payroll efficiency.

District Corrective Action(s):

- Effective 2024, The District has stopped the use of paper timesheets and implemented the Frontline Time and Attendance system for all extracurricular activities/overtime hours/extra duties that are entitled to compensation. The Frontline System for time and attendance is now fully utilized.

Criminal History Background Checks

Finding: Criminal background checks were not always completed for district employees, and the district did not verify background checks for employees of preschool providers.

Recommendation: We recommend the district ensure that any individual who may come in contact with students completes the required criminal history background process prior to employment and the employer listed on the background check is accurately reflected. We also recommend the district continue its verification process to ensure that CHRI background checks are completed for all preschool provider employees.

District Corrective Action(s):

- All newly hired staff must show fingerprint clearance for Plainfield Schools prior to their start date. For our partners, the district oversees the delivery of preschool education within Contracted Preschool Centers per the guidelines set forth by the NJDOE. Specifically, the process of assuring that CHRI background checks are completed for all preschool provider employees is as follows: State licensure requires that CHRI certificates are maintained only at the preschool sites, not to be copied. The Plainfield Public Schools Division of Early Childhood requires each preschool center to provide a statement of assurance that the process is completed.

Information Technology

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Finding: The district's system access controls are deficient, and the district is lacking a disaster recovery plan.

Recommendation: We recommend the district develop and maintain system policies and procedures to ensure segregation of duties, timely termination, and adequate monitoring of system access. We further recommend the district reassign duties of the system administrator to individuals independent of any transaction process and develop, implement, and test a contingency plan for disaster recovery.

District Corrective Action(s): The district acknowledges the audit recommendation and is committed to developing and maintaining system policies and procedures that ensure segregation of duties, timely termination, and adequate monitoring of system access. We recognize the importance of these measures in maintaining the integrity and security of our systems. The following actions have and/or will be implemented by January of 2025:

- The system administrator's duties have been reassigned to ensure these responsibilities are handled by individuals independent of any transaction process. This will help prevent conflicts of interest and enhance the integrity of our financial and operational transactions.
- The district will implement robust monitoring mechanisms to regularly review and audit system access. This will include periodic reviews of user access rights to ensure that only authorized personnel have access to sensitive information and systems.
- The district will develop a detailed disaster recovery plan that outlines the steps for data backup, system restoration, and communication during a disaster. The disaster recovery plan will also outline protocols to conduct regular testing and simulations of the disaster recovery plan to ensure its effectiveness and readiness.

School Facilities

Finding: The district did not always enforce policy and regulation for rental of facilities.

Recommendation: We recommend the district adhere to the Use of School Facilities policy and regulation by charging required fees or by obtaining board approval for the fee waiver. We also recommend

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the district review the user classification definitions in regulation 1330R and ensure it matches the definitions in its scheduling software.

District Corrective Action(s): The district will review existing policy 1330 and approved fees for facility rentals to ensure compliance. Any policy modifications will be provided to the board of education for approval by January of 2025.

Respectfully submitted,

A handwritten signature in blue ink that reads "Rashon K. Hasan". The signature is written in a cursive style with a large initial 'R'.

Rashon K. Hasan, Ed.S.
Superintendent of Schools

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