



EXECUTIVE SUMMARY

LAKESWOOD PUBLIC SCHOOL DISTRICT July 1, 2018 to September 30, 2023

We found the financial transactions included in our testing were related to the district's programs, were reasonable, and were recorded properly in the accounting system. However, in making these determinations, we noted certain issues meriting management's attention regarding loan repayments and State Aid withholdings, a potential conflict of interest, special education and related services, noncompliance with various statutes and administrative code, and a lack of internal controls. We also made observations related to IDEA funds, professional development training for nonpublic schools, and legal services.

AUDIT HIGHLIGHTS

- The district did not apply its excess surplus funds to its loan balance, as required by statute. As a result, the district owes \$32.6 million towards its loans balance, and its State Aid should be reduced by the same amount.
- A conflict of interest may exist with an employee who is also the director of a contracted vendor.
- Special education students missed approximately 20 percent of service sessions because of staff absences and school closures.
- General Counsel's \$50,000 monthly retainer invoices were not supported by hours worked. In addition, litigation service hours were not limited. There were 22 days billed for more than 12 hours per day totaling more than \$150,000, including one billed at 21 hours totaling \$10,000.
- Total spending for legal services exceeded the statewide average by 456 percent, an average of \$1.1 million per year.
- The district had confirming orders totaling \$1.3 million and improperly increased existing contracts by \$1.1 million prior to renewal.
- The district paid over \$410,000 in overtime to employees exempt from receiving overtime.
- Background checks were not obtained for four employees, including one convicted of a third-degree crime.
- The district violated the New Jersey First Act by allowing an employee to work out of state without an exemption to do so.

AUDITEE RESPONSE

The district generally concurs with our findings and recommendations but has provided substantive comments.

For the complete audit report or to print this Executive Summary, click on the attached files.