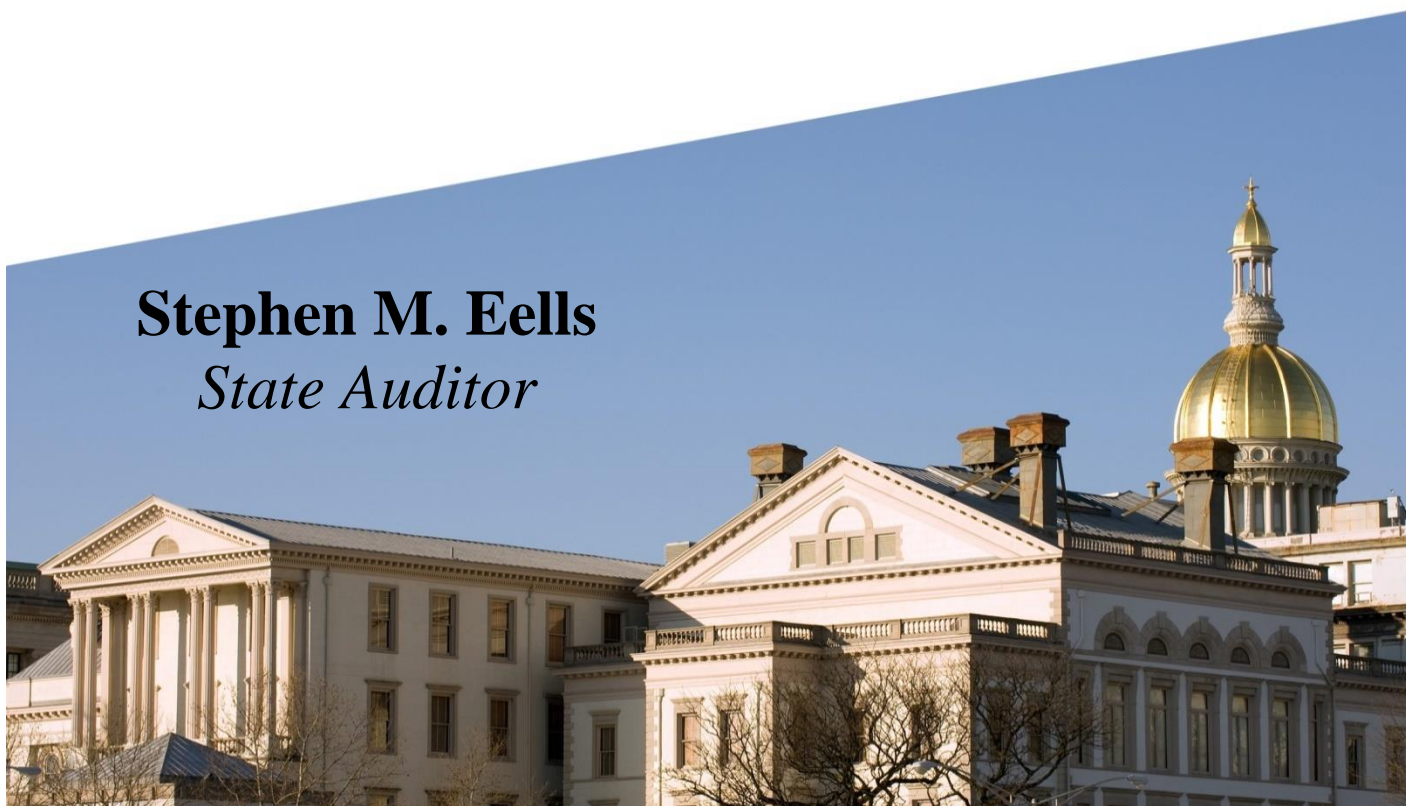


New Jersey Legislature
★ *Office of* **LEGISLATIVE SERVICES** ★
OFFICE OF THE STATE AUDITOR

Department of Education
Fiscal Accountability – State Monitoring and Oversight

July 1, 2015 to November 30, 2018

Stephen M. Eells
State Auditor



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Enclosed is our report on the audit of the Department of Education, Fiscal Accountability – State Monitoring and Oversight for the period of July 1, 2015 to November 30, 2018. If you would like a personal briefing, please call me at (609) 847-3470.

A handwritten signature in blue ink, appearing to read "Mr. Eells".

Stephen M. Eells
State Auditor
April 16, 2019

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Scope

We have completed an audit of the Department of Education (department), Fiscal Accountability – State Monitoring and Oversight for the period July 1, 2015 to November 30, 2018. Our audit included a review of the state monitoring and oversight of school districts, including regulations and procedures defining fiscal oversight responsibilities, as well as any other areas of significant risk identified.

Objectives

The objectives of our audit were to determine whether the department is effective in aiding school districts in preventing and resolving fiscal distress. A further objective was to determine compliance with applicable laws, rules, and regulations.

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.

Methodology

Our audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objectives.

In preparation for our testing, we studied legislation, the administrative code, and policies of the agency. Provisions we considered significant were documented and compliance with those requirements was verified by interview, observation, and through our testing. We also read the budget messages, reviewed financial trends, and interviewed department personnel to obtain an understanding of the programs and the internal controls.

We reviewed the activities of ten of the eleven state monitors assigned to districts by the department during our audit period. In addition, we utilized the Audit Summary Application (AudSum) data to perform financial condition analysis. A nonstatistical sample approach was used. Our samples of data within the AudSum were designed to provide conclusions on our audit objectives as well as to test the validity of the information within the application.

Conclusions

We found that the department could be more effective in aiding school districts in resolving and preventing further fiscal distress. Additionally, we noted compliance issues regarding state monitors that merit management's attention.

We also observed that the AudSum data could be utilized by the department to calculate ratios and compared them with established benchmarks to provide an early-warning mechanism for identifying school districts that may be heading toward fiscal distress.

Background

The department maintains several offices whose functions relate to fiscal accountability. Our survey of these offices disclosed, in general, the functions performed are reactive and not proactive.

County Offices of Education

The department identified the work done by the County Offices of Education as performing a proactive function. The executive county superintendents and business administrators are involved in the annual review and approval of district budgets. In our separate audit of these offices released on June 6, 2018, <https://www.njleg.state.nj.us/legislativepub/auditor/340717.pdf> we noted several conditions limiting the effective and efficient operation of these offices.

Office of School Finance

The Office of School Finance aids in the review of a district's budget by collecting financial data compiled from the district's annual comprehensive financial report through the Audit Summary Application (AudSum); a required annual submission of budgetary basis revenue, expense, and fund balance by every school district, charter school, and renaissance school project by their independent school auditors. This office maintains five-year analyses of actual data for these budgetary categories, by district, to identify averages and trends for use in the evaluation of a district's proposed budget.

Office of State Monitors

The Office of State Monitors is another department function of fiscal accountability and monitoring. The School District Fiscal Accountability Act established state monitors in 2006. The office is responsible for the placement and supervision of state monitors in districts identified as having specific fiscal characteristics established under N.J.S.A. 18A:7A-55. A questionnaire within AudSum provides a summary of qualifications or issues related to criteria established in the statute that were found during a district's annual audit process and is used by this office to determine the need for placement of a state monitor. In addition to the districts having state monitors in place, the office identifies districts at risk of financial crisis and provides technical support through the use of budget managers in an effort to avoid placement of state monitors. Budget managers review school district budgets and analyze school district business operations to ensure compliance with state laws and regulations and to provide input on increasing efficiency and identifying cost-saving opportunities. Since this function is currently being done on a limited basis, this office's primary function is not to prevent fiscal distress; rather its resulting function is to resolve those conditions contributing to fiscal distress.

State Monitors

Improvements are needed in the oversight of state monitors by the department.

State monitors are appointed to school districts by the Commissioner of Education (commissioner) to provide direct oversight of a board of education's business operations and personnel matters. Appointment of a state monitor is made when a school district receives an adverse opinion or a disclaimer of opinion from its independent auditors or if circumstances specified by legislation apply. The specific circumstances include: deficit balance, qualified opinion, audit findings identified as material weaknesses in internal controls, failure to develop an acceptable corrective action plan, or failure to implement a plan resulting in repeat findings. Our audit disclosed that there was a lack of oversight and guidance by the department, to ensure compliance with statute and professional service contracts, which impacts the effectiveness and efficiency of state monitors.

Although not statutorily mandated, when a district receives advance state aid payments (loan), the state monitor will remain in the district for the life of the loan which shall not exceed ten years. The department has also placed a state monitor in one district receiving Commercial Valuation Stabilization Aid (CVSA). The following table summarizes the state monitor appointments since 2006.

District	Appointment Term	Reason for appointment	Reason for withdrawal
Willingboro	2006 - 2010	Loan	Loan repaid
Camden	2006 - 2013	Statute criteria	Became state operated
Irvington	2007 - 2010	Statute criteria	Issues resolved
Beverly City	2007 - 2011	Loan	Loan repaid
Asbury Park	2007 - present	Statute criteria	N/A
Pleasantville	2007 - present	Statute criteria	N/A
Trenton	2010 - present	Statute criteria	N/A
Garfield	2011 - 2015	Statute criteria	Issues resolved
Elmer	2012 - 2017	Loan	Consolidated
Elmwood Park	2013 - present	Statute criteria/Loan	N/A
Belleville	2014 - present	Statute criteria/Loan	N/A
Lakewood	2014 - present	Statute criteria/Loan	N/A
Woodbine	2014 - present	Statute criteria/Loan	N/A
Atlantic City	2015 - present	CVSA	N/A
Hi-Nella	2015 - present	Statute criteria/Loan	N/A
Ridgefield Park	2016 - present	Statute criteria/Loan	N/A
Lyndhurst	2018 - present	Possible deficit	N/A

Responsibilities

A state monitor is statutorily responsible for overseeing the fiscal management and expenditures of district funds, including, but not limited to, budget reallocations and reductions, approval of purchase orders, budget transfers, and payment of bills and claims. Additional responsibilities include overseeing a district's staffing, including the ability to hire, promote, and terminate employees, and overseeing the operation and fiscal management of district facilities. A state monitor is to ensure development and implementation of an acceptable corrective action plan to address the circumstances that led to a state monitor appointment. The plan shall include benchmarks and specific activities to address the deficiencies of the district. A state monitor has the authority to override a chief school administrator's action and any vote by a board of education.

We reviewed compliance with the responsibilities established in the statutes for ten state monitors assigned as of June 2018. Our review of statutory responsibilities found noncompliance with the following areas.

- State monitors have not developed and implemented corrective action plans which include measurable benchmarks and specific activities necessary to address the deficiencies of the assigned school district as required. In addition, we noted one plan has not changed since 2014, and another was created upon our request. The department has not provided guidance or established a format for these plans to ensure compliance with legislation.
- State monitor attendance at board meetings per available board meeting minutes during the period January 2017 through June 2018 disclosed that one monitor did not attend the majority of the district's meetings, and we could not determine if another did because attendance was not documented. In addition, the minutes disclosed required monthly reports to the board of education and members of the public were identified in the minutes as being provided in only three districts. Our review relied upon identification of monthly reports as required by N.J.S.A 18A:7A-55 et seq. as a subject considered by the board in the minutes of meetings of public bodies in compliance with the Open Public Meetings Act.
- Required state monitor weekly reporting to the department is accomplished through telephone conversations with the office supervisor. Written reports or documentation of reporting were not provided.

We used the department's 2017 annual evaluation of district financial information for conditions requiring the assignment of a state monitor to determine their effectiveness. Our review of districts with assigned state monitors found that four districts had repeat audit findings noted in their Comprehensive Annual Financial Report and five had repeat findings in their Auditor's Management Report. In addition, we noted two districts had deficits in their General Fund unreserved, undesignated fund balance, and one district was required to return federal funds because the district's expenditures were not in compliance with the grant requirements.

Oversight

The state monitors are hired through professional service contracts with the department. The contract establishes the state monitor's certification requirement, duties, compensation, reasonable expenses, termination, and saving clause. All state monitors are paid by their district on an hourly basis, with the exception of one being paid an annual salary. For the period July 1, 2015 to June 30, 2018 salaries for ten state monitors totaled \$2.8 million at an average annual cost of \$92,000 to their district. The state monitors report directly to the commissioner or designee on a weekly basis and shall be assigned at the district until the commissioner determines otherwise.

The professional service contracts require the state monitors to report, biweekly to the department, the days and hours (not to exceed 30 hours per week) the monitor performed services in the district, as well as all expenses for which reimbursement was received from the district. Required information is provided to the department primarily through emails from the state monitors. A time tracking sheet was created by the department from these emails upon our request. Our review of the department's monitoring of contract requirements disclosed the following issues.

- We used the time tracking sheet to compare hours reported to the department to hours derived from wages reported for state monitors as employees of the district as per the Department of Labor and Workforce Development (LWD) wage reporting system. During the ten quarters starting from January 2016 to June 2018, there were 5,264 more hours per LWD system reported wages than hours identified on the department's time tracking sheet with an additional wage value of \$505,344. This included 2,065 hours (\$198,240) for one state monitor who had not reported any hours to the department since October 2016.
- The state contract requires state monitors to be reimbursed for out-of-pocket, transportation, and cell phone expenses incurred while fulfilling their duties. However, no invoices were reported as received from any state monitors by the department. Since no invoices were received, the department could not determine total expense reimbursements received by the state monitors from the districts.
- In addition, we noted noncompliance with the New Jersey Labor Law (N.J.S.A. 34:11-4.2) which requires every employer in the state to pay the full amount of wages due to employees at least twice during each calendar month on regular paydays designated in advance by the employer. One state monitor deferred wage payments of \$15,072 and \$14,112 for the final 45 days of 2016 and 2017, respectively, until January of the subsequent year.

The lack of oversight and guidance by the department, combined with the noncompliance with statutes and professional service contract by the state monitors, impacts the effectiveness and efficiency of state monitors in providing fiscal accountability and resolving and preventing further fiscal distress.

Recommendation

We recommend the department provide additional oversight of and direction to the state monitors to ensure state monitors comply with statutory requirements and professional service contracts. Reconciliation of department and district records of state monitor expenses would be useful in overseeing state monitor activity.



Observation

Fiscal Health Ratios and Indicators

The Audit Summary Application (AudSum) maintains end- of- year financial data for each school district. Our review focused on utilizing this data to perform financial condition analyses meant to provide an early warning of districts that may be heading toward fiscal distress. We observed the department does not currently perform this type of financial condition analysis. We reviewed several other states' financial condition analyses and ultimately utilized selected analyses from the Colorado Office of the State Auditor's Fiscal Health Analysis report.

Based on the analyses we conducted utilizing the AudSum data, we found that calculating certain ratios, based on the fund balance, revenue, and expenditure accounts from the general fund, could be beneficial for the department in examining multiple year trend analyses for school districts that may be struggling to stay out of deficit. We calculated three selected ratios used in Colorado for school districts.

Ratios we calculated utilizing the AudSum data for three years (fiscal years 2015 through 2017) were:

1. *Operating Reserve Ratio (ORR)* – This ratio indicates the extent the general fund balance will cover the current year's general fund expenditures, net of transfers. The ratio also provides insight into how long a school district could operate if it were unable to collect any revenue.

ORR Formula

$$\frac{\text{Fund Balance of General Fund}}{\text{General Fund Total Expenditures (Net of Transfers)}}$$

A ratio calculation of 0.0192 (1/52) equates to one week of reserves for current expenditures and transfers. A district would not be meeting its benchmark if its ORR is less than 0.0192 for all 3 years or if there is a continuous decline from year 1 to year 3, with year 3 less than 0.0192.

We noted that 12 of 607 districts (2 percent) did not meet this benchmark, according to the budgetary basis of the formula (including deferred state aid payments).

2. *Operating Margin Ratio (OMR)* – This ratio is a traditional financial performance indicator which indicates the amount added to reserves for every \$1 in total general fund gross revenue. If a district continually has more expenditures than revenue, it might be financing expenditures with long-term debt or fund balance, which is not sustainable.

OMR Formula

$$\frac{(\text{General Fund Total Revenue} - \text{General Fund Total Expenditures, Net of Transfers})}{\text{General Fund Total Revenue}}$$

A ratio calculation of 0.00 means that revenue equals expenditures. A district would not be meeting its benchmark if its OMR is less than 0.00 for all 3 years or if there is a decrease from year 1 to year 3, with year 3 less than 0.00.

We noted 93 of 607 districts (15 percent) did not meet this benchmark.

3. *Change in Fund Balance Ratio (CFBR)* – This ratio indicates the change in the fund balance of the general fund from one year to the next in relation to the prior year fund balance. This could show a district needs to adjust its revenue and expense structure in order to remain solvent over time.

CFBR Formula

$$\frac{(\text{Current Year General Fund Balance} - \text{Prior Year General Fund Balance})}{\text{Prior Year General Fund Balance}}$$

A ratio calculation of 0.00 would indicate that the fund balance had not changed from the prior year. A district would not be meeting its benchmark if its CFBR is less than 0.00 for all 3 years, with year 3 general fund balance less than \$0.00 or if there is a decrease in its CFBR from year 1 to year 3, with year 3 general fund balance less than year 1 beginning general fund balance.

We noted 34 of 607 districts (6 percent) did not meet this benchmark, according to the budgetary basis of the formula (including deferred state aid payments).

Based on our observation it could be beneficial for the department to further utilize these ratios for examining the fiscal health of school districts and to watch for trends over a number of years. The following table provides a partial list of the results of our analyses. Results highlighted in red indicate a district failing to meet the benchmark.

District Name	Type	Year	Budgetary ORR	OMR	Budgetary CFBR	Ratios Missed
A	K-12	2015	0.0105	0.00	-0.15	3
		2016	0.0023	-0.01	-0.77	
		2017	-0.0249	-0.03	-12.41	
B	CoVoc	2015	0.1016	0.03	0.45	3
		2016	0.0644	-0.03	-0.30	
		2017	0.0050	-0.06	-0.92	
C	K-12	2015	0.0396	0.00	0.11	3
		2016	0.0269	-0.01	-0.29	
		2017	0.0074	-0.02	-0.72	
D	K-12	2015	0.2591	0.49	-0.08	2
		2016	0.2133	0.48	-0.16	
		2017	0.0716	-0.04	-0.31	
E	K-12	2015	0.2382	0.53	0.15	2
		2016	0.2248	0.52	-0.01	
		2017	0.0766	-0.03	-0.24	
F	K-12	2015	0.2040	0.51	0.02	2
		2016	0.1426	0.50	-0.27	
		2017	0.0435	-0.03	-0.35	
G	K-12	2015	0.1621	0.29	0.02	2
		2016	0.1071	0.22	-0.26	
		2017	0.0538	-0.03	-0.32	
H	K-8	2015	0.0686	-0.05	-0.39	2
		2016	0.0448	-0.02	-0.31	
		2017	0.0044	-0.04	-0.90	
I	K-8	2015	0.1024	0.00	0.05	2
		2016	0.1009	0.00	0.01	
		2017	0.0870	-0.01	-0.10	
J	K-12	2015	0.1707	0.01	0.09	2
		2016	0.1597	0.00	-0.02	
		2017	0.1399	-0.01	-0.08	
K	K-12	2015	0.2015	0.01	0.03	2
		2016	0.1945	0.00	0.00	
		2017	0.1706	-0.01	-0.08	
L	K-12	2015	0.0428	-0.01	-0.20	1
		2016	0.0357	-0.01	-0.14	
		2017	0.0262	-0.01	-0.24	

Financial condition analysis is meant to provide an early warning of districts that may be heading toward fiscal distress. This type of analysis would not have the same level of detail as a financial audit; however, it could assist the department in identifying school districts headed toward fiscal distress and allow it time to address potential causes and to provide guidance.



State of New Jersey

DEPARTMENT OF EDUCATION

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Governor

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Lt. Governor

LAMONT O. REPOLLET, ED.D.
Commissioner

April 12, 2019

Mr. Stephen M. Eells, State Auditor
Office of Legislative Services
Office of the State Auditor
125 South Warren Street
P.O. Box 067
Trenton, NJ 08625-0067

Dear Mr. Eells:

SUBJECT: Response to the OLS Audit Report of the Department of Education Fiscal Accountability - State Monitoring and Oversight

The New Jersey Department of Education (Department) is in receipt of the audit report issued by your office entitled “**Department of Education, Fiscal Accountability- State Monitoring and Oversight**” for the period July 1, 2015, to November 30, 2018. The objectives of the audit were to determine whether the Department is effective in aiding school districts in preventing and resolving fiscal distress. A further objective was to determine compliance with applicable laws, rules and regulations. Please note that the Department’s response to some findings was limited as the audit report did not identify the State monitor and/or district involved. Thank you for the opportunity to respond to the observations you have made. The auditors’ findings and recommendations, along with our responses are as follows:

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Finding Number 1

State Monitors – Improvements are needed in the oversight of state monitors by the Department. We reviewed compliance with the responsibilities established in the statutes for ten state monitors assigned as of June 2018. Our review of statutory responsibilities found noncompliance with the following areas, as required by *N.J.S.A 18A:7A-55*:

- State monitors have not developed and implemented corrective action plans which include measurable benchmarks and specific activities necessary to address the deficiencies of the assigned school district as required. In addition, we noted one plan has not changed since 2014, and another was created upon our request. The Department has not provided guidance or established a format for these plans to ensure compliance with legislation.
- State monitor attendance at board meetings per available board meeting minutes during the period January 2017 through June 2018 disclosed that one monitor did not attend the majority of the district’s meetings, and we could not determine if another did because attendance was not documented. In addition, the minutes disclosed required monthly reports to the board of education and members of the public were identified in the minutes as being provided in only three districts. Our review relied

upon identification of monthly reports as required by N.J.S.A. 18A:7A-55 et seq. as a subject considered by the board in the minutes of meetings of public bodies in compliance with the Open Public Meetings Act.

- Required state monitor weekly reporting to the Department is accomplished through telephone conversations with the office supervisor. Written reports or documentation of reporting were not provided.

Our review of the Department's monitoring of contract requirements disclosed the following issues:

- We used the time tracking sheet to compare hours reported to the Department to hours derived from wages reported for state monitors as employees of the district as per the Department of Labor and Workforce Development (LWD) wage reporting system. During the ten quarters starting from January 2016 to June 2018, there were 5,264 more hours per LWD system reported wages than hours identified on the Department's time tracking sheet with an additional wage value of \$505,344. This included 2,065 hours (\$198,240) for one state monitor who had not reported any hours to the Department since October 2016.
- The state contract requires state monitors to be reimbursed for out-of-pocket, transportation, and cell phone expenses incurred while fulfilling their duties. However, no invoices were reported as received from any state monitors by the Department. Since no invoices were received, the Department could not determine total expense reimbursements received by the state monitors from the districts.
- In addition, we noted noncompliance with the New Jersey Labor Law (N.J.S.A. 34:11-4.2) which requires every employer in the state to pay the full amount of wages due to employees at least twice during each calendar month on regular paydays designated in advance by the employer. One state monitor deferred wage payments of \$15,072 and \$14,112 for the final 45 days of 2016 and 2017, respectively, until January of the subsequent year.

Recommendation

We recommend the Department provide additional oversight of and direction to the state monitors to ensure state monitors comply with statutory requirements and professional service contracts. Reconciliation of Department and district records of state monitor expenses would be useful in overseeing the state monitor activity.

NJDOE Response

First, all monitors use a standard format for the corrective action plan that follows the statutory qualification for placement of a monitor as set forth in N.J.S.A. 18A:7A-55. With one exception, all State monitors have corrective action plans that are updated on an as-needed basis. These plans were shared with the auditors upon their request. The only monitored district without a corrective action plan is Hi-Nella, a non-operating school district for which the Department is exploring options for merger or closure. Due to its non-operating status, unresolvable fiscal and operational issues, and that there are no longer any Board of Education members, the Department is actively engaged with the community to determine a path forward. The circumstances of Hi-Nella were communicated to the auditors, along with the Department's request that the auditors review the OLS forensic audit of the district that was performed about three years prior. In the future, the Department will continue to ensure that corrective action plans are appropriately developed and implemented.

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Due to health reasons, one of two state monitors appointed to a school district was absent for an extended period. However, during that time, the assistant monitor attended board meetings in the place of the state monitor that was away on medical leave. Documentation of attendance at board of education meetings is the responsibility of each district's Secretary of the Board of Education. Monthly reports by the State monitors to the Board of Education are completed at board meetings and through email to district administration as needed. Going forward, the Department will ensure that State monitors review Board meeting minutes for accuracy.

N.J.S.A. 18A:7A-55 requires that the State monitor report directly to the commissioner or his or her designee on a weekly basis. In practice, State monitors regularly report to the Commissioner's designee for state monitors via telephone or email communication, most often making reports more than once a week. This allows State monitors to both regularly report and to retain flexibility contacting the Department on an as-needed schedule to seek assistance or guidance in resolving the district's fiscal issues.

The Department's oversight of progress in a district is not limited to the Comprehensive Annual Financial Report (CAFR) or Auditors Management Report (AMR), and includes the monitor's weekly reports, reviewing the factors unique to each district and observations of the district's ongoing progress in remedying fiscal and operational concerns as provided for in the corrective action plan. That the monitor has powers and duties as set forth in *N.J.S.A.* 18A:7A-55 for the fiscal management of the district indicates that the monitor's work to ensure fiscal accountability may go beyond a CAFR or AMR finding. The audit findings in the CAFR and AMR for a monitored district, on its own, is not an appropriate evaluation of the effectiveness of a State monitor because the underlying causes for audit findings may not be detailed by the CAFR or AMR. Audits capture a snapshot of the district's fiscal condition and at times make no conclusion on the influences, whether internal or external, that led to or are continuing to cause that condition. Rather than an indicator of the monitor's success, repeat audit findings in a monitored district often indicate deeply rooted and underlying noncompliance issues that require years of intervention to resolve. In short, audit findings in a monitored district are generally an indication of activity prior to the monitor's involvement in the district and are the very basis for the presence of the monitor.

The Department would like to clarify that since monitors are paid by their assigned district, all official time and wage reporting documents are maintained by the assigned district and the time reporting form submitted to the Department has never been used for wage reporting. As the Department does not have access to the information from the LWD wage reporting system used by the auditors, reconciliation is not possible. Using information available to the Department, weekly time reporting forms submitted by monitors will be reviewed for timeliness and accuracy.

The Department reviewed the lack of invoices for expenses with each State monitor and requested submission of any invoices for reimbursement paid for the entire audit period. The monitors established that no reimbursements were requested or paid; therefore, there are no invoices. This was communicated to the auditors during field work and at the exit conference.

Finally, since the Department does not pay state monitors, per *N.J.S.A.* 18A:7A-55(f), the Department was unaware of the any deferred wage payments. As this is a district payroll issue, the Department has alerted the district of the discrepancy but is unable to take further action.

Observation

The Audit Summary Application (AudSum) maintains end-of-year financial data for each school district. Our review focused on utilizing this data to perform financial condition analyses meant to provide an early warning of districts that may be heading toward fiscal distress. We observe the Department does not currently perform this type of financial condition analysis. We reviewed several other states' financial condition analyses and ultimately utilized selected analyses from the Colorado Office of the State Auditor's Fiscal Health Analysis report.

Based on the analyses we conducted utilizing the AudSum data, we found that calculating certain ratios, based on the fund balance, revenue, and expenditure accounts from the general fund, could be beneficial for the Department in examining multiple year trend analyses for school districts that may be struggling to stay out of deficit. We calculated three selected ratios used in Colorado for school districts.

Recommendation

Based on our observation it could be beneficial for the Department to further utilize these ratios for examining the fiscal health of school districts and to watch for trends over a number of years.

NJDOE Response

We generally concur that these ratios could be helpful. To assist the Department in assessing how this analysis might best be used in our work, any additional information that could be shared and/or the program used by the auditors would be of assistance. The Department notes, however, that these specific indicators are not included in *N.J.S.A.* 18A:7A-55 as conditions for assigning a State monitor.

We trust that our responses satisfy the concerns raised in the audit report.

Sincerely,



Kevin Dehmer, Assistant Commissioner
Division of Finance

c: Lamont O. Repollet, Ed.D., Commissioner of Education
Kellie LeDet
Glenn Forney

Auditor's Follow-up Response

While the public report issued by our office does not disclose individual state monitors and/or school districts, the Department has been provided all the applicable detailed information noted during the audit and should not have been limited in its ability to respond accordingly.

Comments Related to Finding on State Monitors

The corrective action plans provided by the Department to our auditors did not use a standard format. In fact, the information provided varied significantly and the department has not provided guidance or established a format for these plans to ensure compliance with legislation.

Although the Department disagrees with some of the details of the report, it generally concurs that corrective action will be undertaken.