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Pleasantville Board of Education

July 1, 2010 to March 31, 2013

**Stephen M. Eells
State Auditor**

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Enclosed is our report on the audit of the Pleasantville Board of Education for the period of July 1, 2010 to March 31, 2013. If you would like a personal briefing, please call me at (609) 847-3470.

A handwritten signature in black ink that reads "Stephen M. Eells". The signature is fluid and cursive, with a large loop at the beginning.

Stephen M. Eells
State Auditor
August 26, 2013

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Scope

We have completed an audit of the Pleasantville Board of Education for the period July 1, 2010 to March 31, 2013. The district provided regular and special education programs to an average of 3,660 pre-kindergarten to twelfth grade students during the 2010-2011 and 2011-2012 school years. Total reported expenditures were approximately \$91 million and \$100 million in fiscal years 2011 and 2012, respectively. The district is classified an SDA district, formerly known as Abbott districts, and the state funds approximately 80 percent of district expenditures. Since July 2007, the Commissioner of Education has appointed a state monitor to oversee the fiscal operations of the district.

Objectives

The objectives of our audit were to determine whether the Pleasantville Board of Education and administration ensured the efficient and effective use of school district funds.

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) of the "Comprehensive Education Improvement and Financing Act of 1996."

Methodology

Our audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

In preparation for our testing, we studied legislation, the administrative code, and policies of the school district. Provisions we considered significant were documented and compliance with those requirements was verified by interview, observation, and through our samples of financial transactions. We read the school district budgets and board minutes, reviewed financial trends, and interviewed school district personnel and board members to obtain an understanding of the programs and internal controls. In addition, we reviewed annual audit reports issued by public school accountants.

Both a statistical and nonstatistical sampling approach was used. Our samples of financial transactions were designed to provide conclusions about the validity of transactions, as well as internal control and compliance attributes. Sample populations were sorted and transactions were judgmentally selected for testing.

Conclusions

We found the Pleasantville Board of Education and administration did not ensure the efficient and effective use of school district funds. We found a district not able to maintain continuity in leadership. Within the past ten years, the Superintendent position has been held by eleven individuals. The Human Resources Director changed seven times and the Director of Curriculum and Instruction and the High School Principal had at least five changes in the past seven years. The lack of stability in key administrative positions inhibited the development of long term goals and interfered with the ability to establish and enforce internal controls to ensure district resources are expended in an efficient and effective manner. We found excess and underutilized positions, programs lacking internal controls and proper oversight, significant deficiencies in the procurement process, and other issues requiring corrective action. Certain transactions have been referred to the state's Division of Criminal Justice.

Employee Resources

The district is not utilizing employee resources in an efficient and effective manner.

The district has one of the highest costs per pupil in the state, funded primarily through the state's funding formula. The Department of Education issues an annual Taxpayers' Guide to Education Spending (Taxpayers' Guide), which provides a comparison of all dollars spent on students for which public schools must provide services. We compared Pleasantville to 106 districts of similar enrollment (3,501+) and operating type (K-12) and further compared to the 24 SDA districts within this group for the 2010-2011 and 2011-2012 school years.

The district's budgetary cost per pupil was \$18,499 for the 2011-2012 school year. The district ranked third highest of 106 schools, where costs ranged from \$10,139 to \$18,654 per pupil, and third highest among the 24 SDA districts included, where costs averaged \$15,859 per pupil. Costs increased over \$1,500 per pupil from the 2010-2011 school year, where we recalculated a cost of \$16,932 per pupil. (The district submitted inaccurate student enrollment figures on the School Register Summary used as the basis for the Taxpayers' Guide for the 2010-2011 school year, which inflated per pupil costs for that period. We recalculated based on a revised enrollment figure.) We identified significant areas in which the district failed to efficiently utilize district resources.

Teacher Positions

The district's student to teacher ratio for the 2011-2012 school year was 9.7:1, per the Taxpayer's Guide. The state average was 12.8:1. Pleasantville ranked 104th of 105 similar districts and was the second lowest out of the 24 similar SDA districts. The district employed 394 teachers in fiscal year 2012.

Our review of the 2011-2012 school year teachers' schedules identified 42 teachers that had no assigned students at an annual salary cost of \$2.9 million. These teachers were also paid a total of \$254,000 for extra duties.

We presented our finding to the district prior to the 2012-2013 school year. The district had an increase in students due to the closing of a local charter school and did not need to hire additional teachers for the additional enrollment partly because of the underutilized positions. Our review of the 2012-2013 schedules for the 42 teachers found 13 teachers were returned to the classroom, 19 teachers remained with no students assigned, 6 teachers were assigned a partial schedule, and 4 teachers were no longer employed by the district.

In addition, we reviewed course enrollment for the middle school and high school, excluding special education - self contained and resource room sections, for the 2012-2013 school year and noted 49 percent and 35 percent of the high school and middle school courses, respectively, had an average enrollment of 12 or less students, including 15 high school electives with enrollments ranging from one to six students.

Support Positions

Certified and non-certified support staff accounted for 44 percent of the 747 full time positions within the district during the 2011-2012 school year. We noted high staffing levels in these areas when compared to similar districts.

- The student to certified education support personnel ratio was 61.3:1. The district ranked 101st of 106 similar districts and fourth lowest of the 24 similar SDA districts. The median ratio of the SDA districts was 76.25:1 resulting in the district staffing an estimated 12 positions in excess of that level at an approximate salary cost of \$800,000.
- The most recent published comparative data on non-certified staff was for the 2010-2011 school year. During that period, the district ranked 92nd out of 102 similar reporting districts and sixth lowest of the 22 similar SDA districts with a 16.5:1 ratio of students to non-certified staff. The median ratio of the SDA districts was 19.8:1 resulting in the district staffing 37 positions in excess of that level at an approximate salary cost of \$1.3 million. Also, the district increased non-certified positions for the 2011-2012 school year.

Legal

The district has high legal costs per pupil. In accordance with N.J.A.C. 6A:23A-5.2, districts with legal costs that exceed 130 percent of the statewide average per pupil cost are required to implement procedures to reduce these costs. The district meets this criteria and has adopted written procedures, however, the district has not fully complied with these procedures.

During our audit period, payments totaled over \$900,000 for legal fees and \$750,000 for judgments against the district. There are over 20 lawsuits in various states of litigation resulting from personnel related actions contributing to these expenses. In addition, the board hired the board attorney as co-representation on cases already covered through the insurance provider. This redundant practice resulted in the district ultimately losing its insurance coverage, because the insurance provider brought suit against the district arguing that the involvement of the board attorney hindered their ability to effectively litigate. The district had to acquire insurance with a different provider, effective July 1, 2011, increasing their per case deductible from \$15,000 to \$150,000. As of March 31, 2013, the district disclosed five cases subject to these terms in addition to one case where there is no insurance coverage and the plaintiff is seeking in excess of \$1 million.

Recommendation

We recommend the district reevaluate its staffing level and class enrollment and course offerings to determine where efficiencies can be realized. In addition, the district should also make efforts to lower its legal expenses.

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Programs

Improper management of district programs has resulted in an inefficient and ineffective use of district funds.

District administration is responsible to develop programs with clear objectives, establish and enforce internal controls, and develop an appropriate budget to ensure an efficient and effective use of district funds. Program results should be measured against benchmark objectives to monitor progress. We found programs with no written policies and procedures, employee job descriptions, nor administrative oversight. The district's lack of internal controls and inability to staff programs based on need has resulted in an inefficient and ineffective use of district funds including improper payments.

Beat the Streets

The Beat the Streets (BTS) program was introduced in the fall of 2010 with a vision to provide sixth to twelfth grade students with "a safe alternative to negative activities that plague the streets." The program offered various after school activities and time to complete homework. The program was also intended to be a source of income for student mentors ages 14 and older. Adult staff was hired for security, monitoring of student activities, transportation, and custodial services.

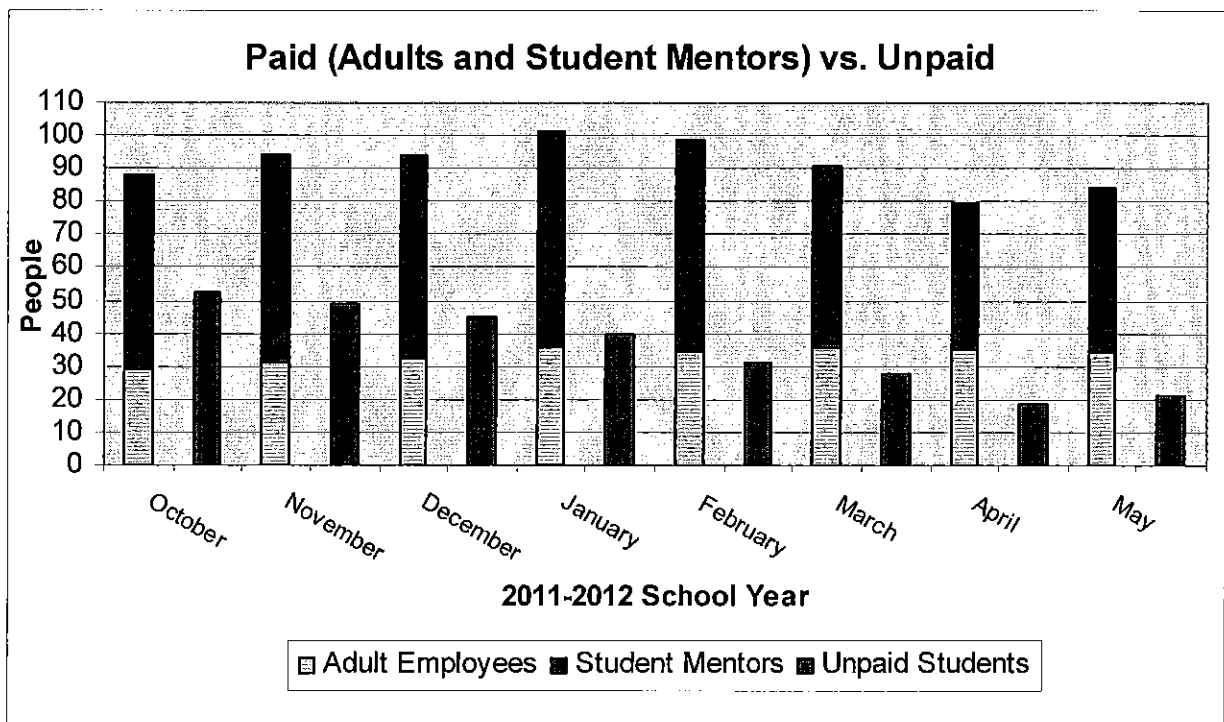
Funding

Payroll expenditures for the BTS program totaled \$1.15 million from October 2010 through August 2012, of which \$522,343 was paid to student mentors. The program's fiscal year 2012 budget of \$205,000 was insufficient to cover actual expenditures of \$841,423 and required transfers from other general fund accounts to cover these expenditures. The program's fiscal year 2013 budget was \$185,000 and the district had already expended \$151,000 within the first two months of the year.

Fiscal Year	Program	Adult Employees		Student Mentors		Subtotal	Total Payroll	FY Budget
		Payroll	#	Payroll	#			
2011	School year 2010-2011	\$122,417	33	\$ 31,639	15		\$ 154,056	None
2012	Summer 2011	\$ 84,277	63	\$ 46,103	64	\$130,380	\$ 841,423	\$205,000
	School year 2011-2012	\$326,549	78	\$384,494	132	\$711,043		
2013	Summer 2012	\$ 90,869	60	\$ 60,107	113		\$ 150,976	\$185,000
	School Year 2012-2013	- Unaudited -						
Total		\$624,112		\$522,343			\$1,146,455	

Staffing

The program was not staffed to correlate with student enrollment and a written work schedule did not exist. Adults and student mentors were eligible for payment of all program hours during the school year and up to four hours per day during the summer. Various activity locations were offered such as the weight room, pool, computer lab, game room, and arts and crafts. Student mentors and students could report wherever they chose. Initially, student mentors were hired to assist with program activities, however, the number of student mentors increased beyond program need effectively resulting in students being paid just for attending. During the 2011-2012 school year, there was a daily average of 93 paid adults and student mentors with only 35 unpaid students attending the program.



We also determined controls over timekeeping were unreliable. Employees were only required to initial next to their pre-printed name on a sign in sheet upon arrival. The same sign in sheet was utilized for all employees for ten consecutive days, increasing the risk of employees misrepresenting attendance. The program coordinator did not require employees to independently complete a timesheet for payment but instead prepared one for each of the 80 to 100 employees and required the employee to initial. We tested supporting timekeeping documents for a sample of payments and noted 21 percent included days when the employee did not sign in to the program.

Administration

BTS jobs were advertised through internal job postings with eligibility limited to current students and employees. However, the adult son of a board member was hired from outside the district. This hire violated administrative code and district policy. This individual was the second highest paid in the program at \$11,500 during fiscal year 2012.

All district employees require board approval. We found 52 individuals paid a total of \$43,000 were never approved. An additional 55 employees exceeded their board approved amount by a total of \$19,500.

Eighteen student mentors remained in the program the year following their graduation and were paid a total of \$45,000 even though the student mentor program was designated for high school students. Furthermore, criminal history background checks were not initially performed for any of these graduates, as required by law.

During our audit, we conveyed our findings on BTS to the district. The district briefly suspended BTS and appears to have made an effort to reduce staffing. However, we did not perform any additional testing beyond the summer of 2012.

CARE Program

The district offers the Combining Academics, Recreation, and Enrichment program (CARE) to students in grades 4 through 12 during after school hours and summer break for tutoring, guidance, activities, and instruction. The district received \$425,000 per year through the 21st Century federal grant and expended \$278,000 and \$341,000 in fiscal years 2011 and 2012, respectively, for CARE payroll.

The district paid a full time coordinator to operate the program from a local church and relied on this individual to coordinate the employment process, schedule and approve employee time, and initiate program purchases. Only limited operational oversight was provided by district administration. We identified staffing levels significantly above the minimum recommended staff to student ratio of 1 to 15. A review of student attendance records disclosed four to six students attended for each scheduled employee. We noted employees paid in excess of their board approvals. We also identified purchases from two businesses operated by family members of CARE employees, in violation of district policy. These purchases for CPR training and the routine maintenance of CARE computers totaled \$12,000 during fiscal years 2011 and 2012.

In November 2011, the New Jersey Department of Education issued a monitoring report stating that the district needed to improve student participation or risk losing grant funds. In March 2012, the district incorporated CARE into Beat the Streets (BTS) in an effort to increase enrollment. As a result, the district improperly paid BTS student mentors, including graduates, to attend homework assistance, tutoring, and other activities from 4:00 to 5:30 daily. Additionally, BTS adult employees continued to be paid while students and student mentors

were in CARE activities.

Our review of time records disclosed widespread timesheet irregularities within this program, necessitating our referral to the Division of Criminal Justice for further investigation. We informed the district of our findings. The coordinator has been terminated and the program relocated to a school.

Parent Linkage Program

The district participated in the Parent Linkage Program (PLP) eligible for grant funding through the Department of Children and Families (DCF). The program provides in-school child care and counseling services for teen parents. These teen parents must regularly attend school, attend mandatory group meetings, and maintain a passing average. The goal of the PLP is to minimize or eliminate barriers teen parents face that jeopardize their ability to complete their education. The district did not structure the contract based on need to ensure funds were efficiently utilized or to monitor program success.

The PLP program is designed for ten months of service. The district received an \$82,000 grant and contracted with an outside vendor for \$165,000 for twelve months of services. The district opted to provide child care for the two summer months at an approximate cost of \$22,000. We noted that only one child attended during the summer with a partial schedule of four half-days for six weeks.

The ten-month portion of the contract was structured for the care of 12 children and specific services for the teen parents with no provision to adjust based on actual enrollment. We found that during the 2011-2012 school year, nine teen parents were enrolled in the program. The district relied on the vendor to administer the program. Of the nine teen parents, two did not attend half of the mandatory parenting workshops. Additionally, our review of the child care center attendance for two months found two of the nine children had absenteeism rates of 64 percent and 44 percent.

Summer Classroom Program

The district offers an optional summer classroom program for students and does not ensure efficient use of funds by staffing these programs based on student enrollment. Payroll expenditures for summer classroom programs totaled \$480,000 and \$285,000 for summers 2011 and 2012, respectively. The 2011 program operated for longer hours than the 2012 program. We reviewed the 2012 program, which operated for 14 of the 17 scheduled days due to district closure resulting from a storm. Payroll records disclosed that the full time equivalent of 90 teachers and 13 aides received payments. Administration does not monitor student summer attendance which is maintained at the school level. We requested the manual student attendance records from each school and found most records were unorganized and incomplete. Based on the information provided, we estimated an average daily attendance of 450 students and an average of only five students per teacher. Additionally, we noted that the kindergarten through fourth grade classes are offered at all four elementary schools. We determined that if the district

consolidated and operated these classes from only two schools, the district could have saved a minimum of \$55,000 in payroll costs and still maintained an average class size of 14 students. Furthermore, middle school and high school class sizes ranged from two to nine students with a median attendance of only four students per class. An assessment of the demand for these classes should be considered to avoid offering and staffing classes with limited enrollment.

Recommendation

We recommend the district develop policies and procedures to ensure all programs are developed with specific objectives that are clearly communicated. Projected enrollment, based on historical data, if available, should be used as a planning tool for program structure, staffing levels, and overall budget development. The district should implement and enforce a standard process for all programs to record student participation and employee time. District administration should properly monitor all program activity and make adjustments when necessary. Employee payments should be based on proper verification of time and board approval. Program results should be measured to ensure funds are effectively utilized and program objectives are achieved.



Procurement

The Business Administrator should comply with state statutes, internal policies and procedures, and contract terms when procuring goods and services.

We tested a sample of 82 payments totaling \$512,000 and found deficiencies in most areas of the procurement process. This included 23 occurrences where the Business Administrator bypassed approval levels to expedite purchases.

Additionally, we noted non-compliance with New Jersey statutes including purchase orders created after the date of service, aggregate purchases in excess of quote and bid requirements, and lack of verification of a valid business registration with the state. The district also failed to comply with internal policies and procedures including documented purchase justification, board approval of purchases above the bid threshold, and maintaining supporting documents including packing slips, price lists, and contracts.

Our sample also disclosed the following unnecessary or improper purchases.

- The district paid \$39,000 to construct a traffic security booth at the entrance to the middle school and high school in October 2011 that has never been utilized.
- The business office maintains a list of state contract numbers and references on purchase orders. They do not verify if a contract is still valid and pricing is accurate prior to placing an order. We found purchases totaling \$272,000 referencing expired contracts.

Our review also found problems in the districts use of the Cooperative Purchasing Program and their procurement and payments in the mold remediation, training consultant, and athletic field renovation contracts.

Cooperative Purchasing Program

The district is a member of several cooperative purchasing programs but relies heavily on one specific program. A cooperative purchasing program is one where a lead agency advertises for bids and awards a master contract to a vendor for specific products or services with prices to be extended to registered members. The business office provided district departments with a list of all vendors awarded a cooperative purchasing contract and did not properly inform or enforce that a vendor can only be selected for the specific contract awarded products or services. Purchase orders received from the district departments were not reviewed for pricing and compliance to specifications per the master contract. District policy further limits the use of cooperative purchasing to supplies only. However, we found that during fiscal years 2011 and 2012 the district purchased \$1.9 million under time and material service contracts, in addition to \$900,000 in supplies, through vendors of this one specific cooperative purchasing program.

Services

The intent of cooperative purchasing service contracts is to permit a school district to enter into agreements to perform certain repairs, upgrades, and modifications to its facilities by the various maintenance trades. The awarded contracts detail hourly rates and material mark-up percentages. Contracts are awarded to a primary and secondary vendor. The secondary vendor can only be selected if the primary is unable to perform the services and the district obtains a letter stating such. Prior to any work being performed, the district should obtain a proposal detailing time and material, but does not. The district routinely prepares purchase orders that state "time and material bid," and references a trade bid date or contract number, but ensures no compliance to the terms of the referenced contract.

Mechanical and Electrical

The district regularly utilizes two cooperative purchasing vendors awarded time and material contracts for electrical and mechanical services. These vendors were paid \$930,000 during fiscal years 2011 and 2012. We reviewed a sample of 50 paid invoices and found purchase orders were created after the date of service for 80 percent of these invoices. This practice violates statutes and does not allow for proper management of the maintenance budget. The business office and facilities department do not properly monitor the activity of these vendors and allowed continuous work without approved purchase orders.

We found invoices were paid without an appropriate review to ensure compliance with master contract terms and accuracy in pricing.

- All 47 invoices that included material did not document actual cost with a percentage mark-up.

- Payroll certifications were not provided for 19 invoices. However, the district does not independently monitor and document vendor time, so even with the appropriate certifications provided, there is no method to determine validity of time.
- A flat fee for services was charged for 10 of 49 invoices, with no indication of time or material costs.
- Invoices totaling \$58,000 were for plumbing services, awarded to a vendor under contract as the secondary vendor. There was no documentation to support the primary vendor was unable to perform the work.

We also noted the district received four donated trailers to renovate into temporary classroom facilities during fiscal year 2012. Specifications were developed for the project to be bid. The district did not issue the Request for Proposal (RFP) and awarded the contract to the mechanical and electrical vendors who subcontracted out construction and concrete work. These vendors were not authorized to contract for these services under the cooperative purchasing contract or by the Schools Development Authority and Division of Property Management and Construction. At project completion, these vendors were paid \$287,000 for services outside of their cooperative purchasing contract. To comply with bid requirements, the district should have chosen cooperative purchasing vendors awarded contracts for the necessary services or issued an RFP for the project. This project's initial estimate was \$323,000, but cost \$453,000. We can not determine if the best price was secured due to the improper use of the cooperative purchasing contract.

Surveillance

The district paid a cooperative purchasing vendor \$412,000 for a video surveillance system and installation. Master contract terms for this vendor stated prices were intended for small projects and maintenance. The district obtained a proposal that made no reference to the cooperative purchasing contract and did not detail time at an hourly rate or percentage markup on materials, as required. The district did not request this information and paid invoices based on the proposal. Since the district did not properly utilize the contract or obtain any additional bids, we could not determine if the best price was secured.

Supplies

The cooperative purchasing supply contracts are awarded for specific supplies for a set dollar amount or percentage mark-up on a catalog list price. The district expended approximately \$900,000 in supplies from the cooperative purchasing vendors during fiscal years 2011 and 2012. The cooperative purchasing program offers software which includes an online catalog and ordering module. This process ensures the proper use of contracts and accurate pricing. The district purchased this software during the 2010-2011 school year but has never utilized it. Its use may have prevented improper use of vendors and payment errors.

We found where the district improperly purchased printer toner at a cost of \$14,000 from a vendor awarded a contract for services. If the proper cooperative purchasing vendor was used, the district could have saved approximately \$5,000 on the toner and \$1,300 in shipping fees that are the responsibility of the vendor under the cooperative purchasing program.

In addition, we reviewed school supply purchases, totaling \$47,000, from the vendor awarded a contract for only paper and furniture. The district received no cooperative purchasing discount on the non-paper school supplies since they were purchased through the incorrect cooperative purchasing vendor. In one instance when six cases of paper were purchased, the district paid \$149 per case. The district's price should have been \$25 per case.

Mold Remediation

In June 2012, through its own procurement procedures, the district erroneously awarded a time and material contract for remediation of mold issues that may arise in the 2012-2013 school year. We found that the district received bids from two vendors and mistakenly reversed their price lists when preparing the bid analysis. The business administrator recommended board approval for the higher bidder at the lower bidder's pricing. The district prepared the notice of award listing the reversed bids for both vendors. The notice was only sent to the vendor awarded the bid, who subsequently billed the district at the lower rates. During the contract period, this vendor billed the district a total of \$864,000.

The mold remediation services began in July 2012 with an initial scope and estimated cost of \$48,500. As the project evolved, the district created nine purchase orders, totaling \$636,000, without requiring the vendor to provide itemized time and material cost proposals, as required in the contract. At project completion, vendor invoices totaled \$228,000 in excess of authorized purchase orders. The business administrator submitted a requisition to pay all invoices in full. However, as a result of our discussion with the business office, the district has not paid this excess amount as of March 2013.

Additionally, invoices were not verified for accuracy prior to payment. The vendor prepared a daily itemized time and material list, but they were not timely reviewed and approved by the district to the certified payroll reports. We matched these documents to the invoices and noted billing errors approximating \$115,000 for duplicate and unsupported charges.

The vendor also billed a total of \$283,000 to rent spot cooler (portable air conditioner) equipment to the district at a daily rate of \$421 which was reduced to \$340 towards project completion. This equipment was not included in the contract and therefore, based on the total dollar amount, the district violated bid requirements and did not ensure the best price was secured. We obtained quotes to rent the equipment at daily and weekly rates. Applying the highest obtained weekly rate of \$385, the district was overbilled \$239,000 in rental fees.

Furthermore, during the mold remediation process, vent cleaning was recommended by the mold inspection vendor. The mold remediation vendor submitted a proposal for \$120,000 to perform this service and clearly indicated that the work was not related to the existing time and

material contract. Nevertheless, the district approved the project without soliciting other bids or following the statutory procurement requirements.

Training Consultant

Our testing disclosed questionable payments totaling \$38,000 to a training consultant for the 2010-2011 and 2011-2012 school years. The vendor did not possess a valid state business registration and was ineligible to contract with the district per statute and district policy. Additionally, the business office did not request a resume, references, or any other documentation to support qualifications for the type of training required. Procurement of the training services appeared to be based solely on the recommendation of a school official.

Athletic Field Renovation

During fiscal year 2011, the district renovated the athletic field. As an SDA district, Pleasantville requires approval for any school facilities project by the Schools Development Authority. By statute, these projects may only be included in the district's capital outlay budget if the cost does not exceed \$500,000. The district requested and received approval to renovate the field at a stated project cost of \$499,500. The district subsequently awarded the contract for \$673,250 and the actual project cost was \$712,000, excluding architect and engineering fees.

Recommendation

We recommend that system controls be implemented to reduce the occurrence of approval overrides in the purchasing process. In addition, the business office should ensure compliance with state statutes, internal policies and procedures, contracts, and cooperative purchasing terms. The district should properly plan and provide oversight of all projects and vendor activity to ensure accuracy of vendor invoices and an efficient use of district funds. This should include a dollar limit on awarded contracts. Additionally, the Business Administrator should review all bid analyses for accuracy prior to recommendation for board approval to eliminate awarding future contracts in error.

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Other Matters

Work Order Process

The facilities department should properly utilize the work order program.

The district utilizes an online work order management software program to process maintenance work orders. The facilities department is responsible to monitor the program activity, however, proper controls are not in place to ensure work orders are assigned, completed in a timely manner, and closed upon completion in the program. We noted 1600

work orders entered during fiscal years 2011 and 2012 and as of July 2012, 723 (45%) remained open. We attempted to obtain paper copies of the work orders to determine if the work was completed and not entered into the system, however, this information was not retained. Proper use of the program would allow administration to monitor maintenance department activities, material usage, and identify ongoing maintenance issues to ensure efficiency in the department.

Recommendation

We recommend the district implement policies and procedures to ensure an efficient and effective work order process and utilize the capabilities of the work order management software as a monitoring tool.

Criminal History Background Checks

The district should ensure that each prospective employee complete the required criminal history background check process.

N.J.S.A. 18A:6-7.1 requires that all prospective employees of a school district, under the supervision of the Department of Education, whose job duties include regular contact with pupils, must submit to a criminal history background check as a condition of employment. Should the applicant commit a disqualifying offense subsequent to approval, the Department of Education, Criminal History Review Unit (CHRU) will contact the employing district to take the appropriate action. An additional process, which varies based on position, must be completed, when an individual who previously cleared the background check, changes employing districts. The district is responsible to ensure that each employee has completed the required process prior to employment.

We matched the list of individuals cleared to work for Pleasantville to those paid from July 2010 through May 2012 and found the district failed to ensure the proper background check process was completed for 93 employees, which included administrators, teachers, and substitutes. Many of these individuals may have been cleared by another employing district, however, if an arrest for a disqualifying offense occurred, the district would not have been notified. As a result of our review, the district has completed the process to qualify 47 of the individuals for employment. The district took no action on the 46 individuals who are no longer employed. We verified with CHRU that these individuals did not commit a disqualifying offense while employed by the district.

Recommendation

We recommend that the district ensure that each potential employee complete the required criminal history background process prior to employment.

Separation Practices

The district should implement formal separation policy and procedures.

We selected a sample of ten employees who separated employment with the district during our audit period. We found no formal procedures were in place to ensure timely separation and accuracy in payments for unused leave.

Three of the ten employees were placed on administrative leave or suspension with pay for periods of time ranging from 38 days to nine months. The documentation on file failed to justify the length of time these individuals were allowed to remain out of work with full pay and benefits. The district suspended and continued to pay one employee for nine months until 25 years of service was obtained for eligibility of post retirement benefits. This individual was also paid \$5,000 for unused sick and vacation time. Additionally, a non-tenured administrator was placed on paid administrative leave for over five months prior to resignation. Seven of the ten employees were paid for unused sick and vacation time upon separation, however, three were overpaid a total of \$1,720 due to computation errors and payment of unearned leave time.

Recommendation

We recommend the district properly document approvals for suspensions with pay. In addition, the district should develop a formal separation policy and procedures that include a standard method to calculate unused leave time which includes a supervisor review for propriety.

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Pleasantville Public Schools

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August 22, 2013

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Subject: Audit Report Reflections

As expressed during our July 25, 2013 meeting, I am extremely grateful to the Legislative Audit Team for their leadership and support during this exhaustive and tedious auditing process. The Administrative Team, State Monitor and I have noted our comments below for inclusion in the official release of the audit findings to the Governor and the Legislature.

Employee Resources

Teacher Positions - The Audit finding identified 42 teachers that had no assigned students. Those teachers in question were assigned the following responsibilities: 3 ESL, 2 Supervisors, 1 Master Teacher (Early Childhood Requirement), 1 Relief Teacher (Early Childhood Requirement), 1 SAC Coordinator, 10 Inclusion Teachers, 3 Technology Coordinator, 4 Instrumental Teachers, 1 In School Suspension Teacher, 5 Lead Teachers, 8 Basic Skills Teacher, 1 Deceased Teacher and 2 Teachers who were temporarily assigned non classroom duties. 25 of the 42 teachers identified provide full time instruction to students such as ESL, Inclusion, BSI and Music but are not required to input grades individually but as part of a collaboration with the primary Teachers.

As a result of the Audit finding the District has significantly improved its' scheduling of students and reduced the number of teachers with no assigned students.

The Audit also identified a total of \$254,000.00 in payments for extra duties. These duties would include: Home Instruction, A2 Contracts for Clubs, Academic Academies, Credit Recovery, Summer Guidance, Am/Pm Keys, Curriculum Revisions, Professional Development, Child Study Team Evaluations, School Leadership and Saturday Academy. These events and activities were Board of Education approved and paid in accordance with the Union Contract.

Support Positions -- The Student to certified education support personnel or paraprofessional/instructional aides are driven by statutory requirements or code. The ratio of the Student to Certified Education Support Personnel is determined by the Students' IEP (Individual Educational Plan), the State Mandates for Early Childhood and all District Kindergarten Classes are required to have an instructional aide per N.J.A.C. 6A:13-3.2.

In addition, as it relates to overall **employee resources** the district has reduced the overall staff in three phases, RIF, Non-renewals and attrition as an ongoing process to correct staffing levels across the District.

Legal -- The District has incurred substantial legal expenses that pre-date the audit period going back as far as 2006. The District has significantly reduced its active cases by more than 50%. The Board of Education policy was revised in 2012 to limit



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the amount of contact and reliance on the District Attorneys for business that the administration is responsible for and the Executive County Superintendent has limited the budgeted amount. Unfortunately the district has accumulated a substantial backlog of cases due to previous Administrative and Board actions which the current Administration must deal with. The financial effects will be recognized over the next few years.

Programs

Beat the Streets – The 2010 Vision to provide sixth to twelfth grade students with a safe alternative to negative activities was successful. The program reduced crime among juveniles in Pleasantville by more than 90 percent as reported to the Board of Education and Community, by the Chief of Police. The program did in fact require better managerial oversight and has subsequently been collapsed into the C.A.R.E. Program. The ratio between staff, mentors and students attending the program as a safe haven doesn't take into consideration the Safety issues. The Mentors and Students attending the program were all children that required supervision. It was difficult to estimate or project the attendance on a daily basis including the student participants' arrival (Community Children with Voluntary Participation). Some of the additional cost as noted in the Audit is based on the food that was served to all the children. Initially the cost of providing something to eat was not an anticipated expense associated with the program. It wasn't until after the program was underway that it was revealed that the children (mentors and students attending) were hungry. As a result of that information, we feed them. Also, the Audit report showed 52 individuals were paid \$43,000.00 and were never board approved. Since the Board of Education only met once in July and once in August, they passed a resolution which enabled the Superintendent to hire in order to provide summer employment for the children. The 55 employees that exceeded the board approved amount by \$19,000.00 equates to children working approximate four (4) extra hours and should have been reflected on the Board Agenda. Since the Audit results the Beat the Street Program has been shifted into the C.A.R.E. program, staff has been reduced, site locations have been reduced, time reporting has been improved and an infusion of an instructional component is part of the corrective action.

C.A.R.E. - The C.A.R.E. program has been re-organized and a corrective action plan has been implemented.

Parent Linkage Program – This grant funded program is to establish in-school child care and counseling services for teen parents. As revealed in the Audit finding absenteeism is and continues to be an issue among young mothers. We are currently working on a plan to help improve the attendance rate of all students.

Summer Classroom Program – The District doesn't offer summer classroom programs. The District offer ESY (End of School Year Programs) which are focused on IEP (Individual Education Program) driven needs. As previously stated the Students' IEP determines whether or not aides are required and or individualized instruction is needed.

Procurement

Since the state contract information for procurement does not remain available on the state web site after certain dates, the district is downloading the information and will keep a hard copy file available for verification purposes.

Cooperative Purchasing Programs – The District continues to review and provide in-service training. This training is being required of all staff as well as the implementation of revised internal controls is ongoing to insure that cost estimates as well as invoicing, strictly adheres to the detailed breakdown for "time and material" contract awards. If a secondary vendor is used instead of the primary vendor, the district will have supporting documents that confirms why the primary contractor was

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unavailable to perform the service. All documentation will be contained in the Bid file in the Business Office. Also, over the past five years Educational Data Services Cooperative Bidding efforts have produced a total district dollar savings of \$1,267,363.00.

In addition, average discounts during that time have ranged between 52 and 64% below state contract price. Not included in the savings are the clerical and administrative savings derived from the elimination of bid advertising, bid mailings, bid openings and bid analysis.

Services - The District continues to review and provide in-service training. This training is being required of all staff as well as the implementation of revised internal controls is ongoing to insure that cost estimates as well as invoicing, strictly adheres to the detailed breakdown for "time and material" contract awards. If a secondary vendor is used instead of the primary vendor, the district will have supporting documents that confirms why the primary contractor was unavailable to perform the service. All documentation will be contained in the Bid file in the Business Office.

Mechanical and Electrical - The District has taken steps to address this Audit finding. Processes and procedures have been put in place to closely monitor and document vendor time, fees, accuracy and State Contract Purchasing requirements.

Surveillance - The District has taken steps to address this Audit finding. Processes and procedures have been put in place to closely monitor and document vendor time, fees, accuracy and State Contract Purchasing requirements.

Supplies - As noted and recommended in the Audit finding, the District has purchased the cooperative purchasing program software which includes an online catalog and order module. This will ensure the proper use of contracts and accurate pricing.

Mold Remediation

Mold Remediation - During the third week of July 2012, as a result of an ongoing aggressive air quality monitoring, the district was advised of mold in the High School. The scope of the remediation included most of the room in the building. To remediate the mold took almost five weeks and six purchase orders totaling \$636,003.00 were issued to the contractor. The project was continually monitored and the contractor was paid \$636,003.00, the amount of the purchase orders when the contract was completed. This was an emergency situation.

Pleasantville High School opened on time with no delay.

Training Consultant

Consultant Services - The District has implemented procedures to address this Audit finding.

Athletic Field Renovation

Athletic Field Renovation - All bid awards for capital projects are reviewed by the District Architect and Business Administrator prior to board approval.

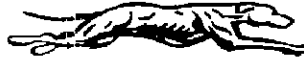
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Other Matters

Work Order Process - The district now has a Maintenance Foreman. One of his main responsibilities is to keep current the work order process. The Facilities Coordinator will meet with him regularly to insure that this process is implemented.

Criminal History Background Checks

Criminal History Background Checks – The Audit finding identified 93 employees who were hired within the Pleasantville Public School District prior to the NJDOE implementation of the new program to process fingerprinting on July 1, 2002. Prior to the 2002 timeframe, employees could produce the existing criminal clearance letter and that clearance letter was acceptable for hire if there was no break in service. The majority of the 93 people we hired prior to the 2000 school year.

Separation Practices

Separation Practices – The District is generally follows its' contractual obligation as it relates to employee separation. When working with human capital there are extenuating circumstances. As a result of the Audit finding a formal separation procedure will be implemented and it will include a standard method to calculate unused leave time and a supervisory of review.

In conclusion, the District is appreciative of the collaboration between the Administration and the Legislative Audit Team. We have acted swiftly to address all finding and we look forward to your next visit.

Best regards,

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