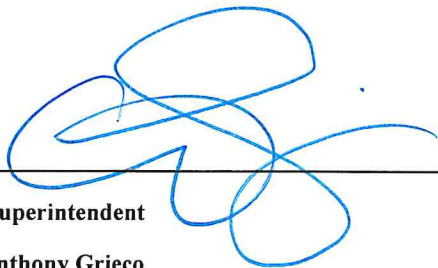


LYNDHURST PUBLIC SCHOOLS

CORRECTIVE ACTION PLAN

FY-18 AUDIT

PRESENTED AT THE PUBLIC MEETING ON JANUARY 28, 2019


 Superintendent
 Anthony Grieco


 Business Administrator/Board Secretary
 Scott T. Bisig, M.Ed.

Audit Area	Auditor's Finding	Auditor's Recommendation	Corrective Action	Implementation Date	Primary Responsibility	Status
Financial Planning, Accounting & Reporting	(1) CAFR 2018-04 - audit revealed purchases were made and contracts were entered prior to the approval and issuance of a purchase order. (confirming orders)	CAFA 2108-04 – in all instances a properly executed purchase order be approved and issued prior to the purchase of goods or rendering of services to ensure confirming orders do not occur.	The district will: Ensure all purchase orders/contracts will be entered into this system upon funding approval by the business office before issuance.	This finding was recognized in October 2017 and revised procedures were implemented to correct the issue.	Business Administrator Finance Manager	Ongoing.
	(2) Audit claims revealed several purchases did not contain a receipt of goods signature. In all addition, payment approval signature was not obtained on purchase orders.	All receipt of goods and payments approval signatures be obtained on all purchase orders prior to payment.	All receipt of goods and payments will acquire proper signatures prior to payment to ensure completion of receipt of goods.	This finding was recognized in October 2017 and revised procedures were implemented to correct the issue.	Business Administrator Finance Manager	Ongoing.

<p>Continued</p> <p>Financial Planning, Accounting & Reporting</p>	<p>(3) CAFR 2018-10 – audit of payroll transfers revealed interfund loan were made from Summer Savings account to General Fund of approximately \$1,500,00 during the 2017-2018 school year. This action was taken to make payroll and the County BA was notified.</p> <p>It should be noted that all interfund loans were paid back to the Summer accounts as of June 30, 2018.</p>	<p>Internal control procedures be revised to ensure interfund loans from Summer Savings account are prohibited.</p>	<p>Ensure all concerned control procedures are followed with no exceptions.</p>	<p>This finding will be corrected immediately.</p>	<p>Business Administrator Finance Manager</p>	<p>Completed.</p>
	<p>(4) Auditor noted pension reports have not been filed with the State of New Jersey for the fiscal year 2017 retroactive salaries paid in fiscal 2018.</p>	<p>All pension reports be filed with State of New Jersey for fiscal year 2017 retroactive paid in fiscal 2018.</p>	<p>Ensure all pension reports are filed in the correct fashion in accordance State guidelines.</p>	<p>This finding will be addressed and resolved by March 2019.</p>	<p>Payroll Coordinator Business Administrator</p>	<p>Ongoing</p>
	<p>(5) Auditor noted certification signatures of Superintendent, Board President and Board Secretary were not obtained on payroll registers in all instances in accordance with N.J.S.A. 18A:19-4.1</p>	<p>All payroll registers be certified in accordance with N.J.S.A. 18A: 19-4.1.</p>	<p>Ensure all payroll registers are certified in accordance with N.J.S.A. 18A: 19-4.1.</p>	<p>This finding will be addressed immediately. January 25, 2019.</p>	<p>Payroll Coordinator Business Administrator Superintendent</p>	<p>Completed.</p>
	<p>(6) Auditor noted the current position control roster does not agree with the District's budget and payroll accounting in accordance with N.J.A.C. 6A:23-6.8.</p>	<p>Up-date the District position control roster to be agreement with the District's budget and payroll accounting records in accordance with N.J.A.C. 6A:23-6.8.</p>	<p>Revised the District's position control roster to bring it in-line with the budget.</p>	<p>This finding will be addresses immediately and completed by March 30, 2019</p>	<p>Human Resources Finance Manager Business Administrator</p>	<p>Ongoing.</p>

<p>Continued</p> <p>Financial Planning, Accounting & Reporting</p>	<p>(7) Auditor noted certain employees who appeared eligible for enrollment in State of New Jersey pension systems were not enrolled as of June 30, 2018.</p>	<p>Review all employee's enrollment eligibility in the State of New Jersey pension be reconciled.</p>	<p>Up-date procedures for maintaining concise pension enrollment records for State submission.</p>	<p>This finding was addressed immediately and completed by January 20, 2019</p>	<p>Payroll Coordinator Business Administrator</p>	<p>Completed.</p>
	<p>(8) CAFR 2018-002 – audit of accounts payable revealed the following:</p> <p>a. Certain fiscal year 2017 expenditures were charged to the fiscal year 2018 budget.</p> <p>b. Several fiscal year 2017 & 2018 liabilities relating to health and prescription benefits were not recorded as accounts payable at June 30, 2018.</p>	<p>Ensure current internal control procedures be reviewed and revised to ensure expenditures are recorded in the year they are incurred and become due and payable.</p>	<p>Ensure current procedures are following to ensure the correct fiscal expenditures are recorded in the right school year.</p>	<p>This finding was addressed in October 2017, and proper procedures were established to prevent this from occurring in the future.</p>	<p>Business Administrator Finance Manager</p>	<p>Completed.</p>
	<p>(9) CAFR 2018-007 & 2018-012 – audit review of the Board Minutes revealed that monthly Board Secretary & Treasurer reports for the period of December 2017 to June 2018 were not submitted and approved by the BOE in accordance with N.J.S.A. 18A:17-36.</p>	<p>All monthly Board Secretary & Treasurer reports be submitted and approved by the Board in a timely manner.</p>	<p>Implement procedures that require the Board Secretary & Treasurer reports to be certified in accordance with N.J.S.A. 18A:17-36.</p>	<p>This finding was addressed in July 2018 to ensure all Board Secretary & Treasurer reports to be certified in accordance with N.J.S.A. 18A:17-36.</p>	<p>Superintendent Business Administrator Finance Manager School Treasurer</p>	<p>Completed.</p>

<p>Continued</p> <p>Financial Planning, Accounting & Reporting</p>	<p>(10) CAFR 2018-001, 2018-009 – The District ended the fiscal year with a General Fund operating deficit in the amount of \$4,470,851 at June 30, 2018. The auditors noted the total General Fund budget appropriations were over expended by \$958,895 at June 30, 2018.</p>	<p>The District develop, approve and implement a corrective action plan to eliminate the general operating deficit at year end and ensure internal control procedures are in place to prevent operating deficits and overexpenditures from occurring in the future years.</p>	<p>The District will implement a zero-base budget model to insure the district will not overextend its budget revenues in the future.</p>	<p>This finding has been addressed with assistance of the N.J. State Monitor and is in the final stages of completion by March 30, 2019.</p>	<p>Superintendent Business Administrator Finance Manager</p>	<p>Ongoing.</p>
	<p>(11) CAFR 2018-005 – Audit of the 2016 referendum project in the Capital Projects Fund revealed the following:</p> <p>a. The total modified project budget did not agree to the prior year available project balance.</p> <p>b. Budget accounts established in the accounting system do not reflect all accounts required by the New Jersey Uniform Chart of Accounts.</p>	<p>The modified project budget agrees with the prior year project balance and all required budget accounts be set-up in the accounting system for 2016 referendum project in the Capital Projects fund.</p>	<p>The District will revise the 2016 Capital project budget accounts to reflect the correct new Jersey Uniform Chart of Accounts.</p>	<p>This finding is being addressed with the assistance of the N.J. State Monitor and will be completed by May 30, 2019.</p>	<p>Superintendent Business Administrator Finance Manager</p>	<p>Ongoing.</p>

<p>Continued</p> <p>Financial Planning, Accounting & Reporting</p>	<p>(12) CAFR 2018-005 – Audit of the 2016 referendum project expenditures in the Capital Projects Fund revealed the following:</p> <p>a. Purchases were made & contracts were entered prior to the approval and insurance of a purchase order (confirming orders)</p> <p>b. Professional services contracts awards & amounts were not approved by Board action and made part of the minutes. Therefore, contract awards were not encumbered in the accounting system.</p>	<p>Internal control procedures be enhanced to ensure professional service contract awards & amounts are approved by Board action and contracts are encumbered in the accounting records through the issuance of a purchase order in the Capital Projects Fund.</p>	<p>District will ensure current accounting principles will be adhered too, and all pending contracts will be approved through Board action prior to purchase orders being generated to ensure proper funding controls are in place.</p>	<p>This finding is being addressed immediately and will be completed by February 28, 2019.</p>	<p>Business Administrator Finance Manager</p>	<p>Ongoing.</p>
	<p>(13) CAFR 2018-013 – Audit of travel expense reimbursements revealed the following:</p> <p>a. purpose and relevance statements were not attached to travel reimbursement requests or purchase orders as required by Board policy.</p> <p>b. Certain conference and attendees were not pre-approved as required by Board policy.</p>	<p>The District needs to adhere to their current Board policy.</p>	<p>The District will adhere to its current Board policy to require relevant statements are attached to travel reimbursement requests or purchase orders. Ensure all travel events and attendees be pre-approved by Board resolution as required.</p>	<p>This finding was addresses in September 2018 and corrected.</p>	<p>Business Administrator Finance Manager</p>	<p>Completed.</p>

School Purchasing Programs	<p>(14) OFAC – The New Jersey Department of Education, Office of Fiscal Accountability and Compliance (OFAC), completed a fiscal audit of the District's No Child Left</p>	<p>Review the No Child Left behind Act (NCLB) Title I guidelines to ensure compliance measures is met.</p>	<p>The District will ensure moving forward that certain expenditures incurred and charged to the Title I program are not supplanting local funds sources.</p>	<p>This finding was noted during the OFAC investigation in January 2018 and the corrective was taken to resolve the discrepancies moving forward.</p>	<p>Curriculum Director Special Education Supervisor Business Administrator Finance Manager</p>	<p>Completed.</p>
	<p>Behind Act (NCLB) Title I program for the period July 1, 2014 through June 30, 2015. The report dated January 26, 2018 included several findings which resulted in disallowed grant expenditures due to the State in the amount of \$301,224.</p>	<p>Internal control procedures be revised to ensure IDEA grant expenditures requested for reimbursement are paid within the liquidation period required under the grant program.</p>	<p>Ensure salaries of District staff are properly allocated within the Title I program and are deemed reasonable and necessary for efficient performance of the Title I programs.</p>	<p>This finding was noted during the OFAC investigation in January 2018 and the corrective was taken to resolve the discrepancies moving forward.</p>	<p>Curriculum Director Special Education Supervisor Business Administrator Finance Manager</p>	<p>Completed.</p>
	<p>(15) CAFR 2018-008 – Audit of the IDEA grant program revealed a reimbursement request for expenditures charged to the Federal IDEA Basic grant was made in January 2018 in the amount of \$542,304. However, expenditures relating to the reimbursement request were not liquidated until May & September 2018.</p>	<p>Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid threshold are made in accordance with the requirements of the Public-School Contracts Law.</p>	<p>Implement new safety control measures to ensure proper IDEA grant expenditures are reconciled within the allowed allowances of time within the grant guidelines.</p>	<p>This finding was addressed, and revised procedures are being reviewed and will be strictly adhere to. The completion date will be March 2019.</p>	<p>Superintendent Business Administrator Finance Manager</p>	<p>Ongoing.</p>

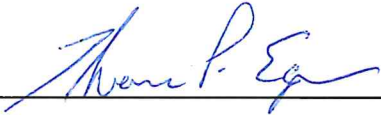
<p>Continued</p> <p>School Purchasing Programs</p>	<p>(16) CAFR 2018-011 – Audit noted numerous instances where contracts awards and purchases were made in excess of the bid threshold where there was no documentation provided to support publicly advertised bid threshold where there was no documentation provided to support publicly advertised bids were sought, State contract or cooperative purchasing contracts were awarded or a competitive contracting process was conducted in accordance with the requirements of the Public School Contracts Law (N.J.S.A. 18A:18A).</p>	<p>Purchasing procedures be enhanced to ensure competitive quotations are solicited and attached to purchase orders for all contracts awards and purchases that exceed the quote threshold.</p>	<p>Revise the current District's current purchasing manual to reflect the newest guidelines and reteach the authorized personal on the purchasing laws.</p>	<p>This finding was noted and is currently being reviewed and an up-dated revision of the existing purchase manual is ongoing.</p> <p>The expected time frame to complete the revisions in March 1, 2019.</p>	<p>Business Administrator Finance Manager</p>	<p>Ongoing.</p>
	<p>(17) Audit noted several contract awards and purchases in excess for the bid threshold that were not approved by Board resolution and made part of the official minutes in accordance with N.J.S.A. 18A:18A-4.</p>	<p>Board resolutions for all contracts awarded include the contract amount or not to exceed a specified amount in accordance with the Public-School Contracts Law.</p>	<p>District business office ensure all pending purchases that reach the bid threshold will follow the guidelines within N.J.S.A. N.J.S.A. 18A:18A-37.</p>	<p>This finding was noted and is currently being reviewed and an up-dated revision of the existing purchase manual is ongoing.</p> <p>The expected time frame to complete the revisions in March 1, 2019.</p>	<p>Business Administrator Finance Manager</p>	<p>Ongoing.</p>

<p>Continued</p> <p>School Purchasing Programs</p>	<p>(18) Audit noted instances where contract awards and purchases were made in excess of the quote threshold where there was no documentation to support competitive quotations were solicited by the District in accordance with N.J.S.A. 18A:18A-37.</p>	<p>Board resolutions for contract awards in the minutes to specify the not to exceed amounts under the P.S.C.L.</p>	<p>Maintain adherence to the Public-School Law which specifies not to exceed contractual amounts when approving contracts on the Board resolutions.</p>	<p>This finding was noted and is currently being reviewed and an updated revision of the existing purchase manual is ongoing.</p> <p>The expected time frame to complete the revisions in March 1, 2019.</p>	<p>Business Administrator Finance Manager</p>	<p>Ongoing.</p>
	<p>(19) Audit noted contracts awarded in minutes where the resolution did not specify the contract amount or not exceed amount as required by the Public Contracts Law.</p>	<p>All political contributions disclosure form and business certificates be filed in the business office.</p>	<p>Ensure all Board resolutions are placed with not to exceed limitations.</p>	<p>This finding was noted and is currently being reviewed and an updated revision of the existing purchase manual is ongoing.</p> <p>All approved contracts will be posted effective immediately.</p>	<p>Business Administrator Finance Manager</p>	<p>Ongoing.</p>
	<p>(20) Audit noted political contributions disclosure forms and business registration certificates were not on file.</p>	<p>The District will ensure all professional service contracts are publicly advertised under the Public- School Contract Laws.</p>	<p>District will ensure all disclosure forms & business certificates be on file for review for the auditing firm.</p>	<p>This finding was noted and is currently being reviewed and an updated revision of the existing purchase manual is ongoing.</p>	<p>Business Administrator Finance Manager Food Service Provider</p>	<p>Completed.</p>
	<p>(21) CAFR 2018-011 – Audit noted numerous instances where professional services contracts awards were not publicly advertised as advertised as required by the Public-School Contract Law (N.J.S.A. 18A:18A-5(a)(1).</p>	<p>The District will ensure all approved contracts and service related agreements are filed within the business for future references.</p>	<p>All District professional service contracts & agreements will be publicly advertised once approved by a Board resolution.</p>	<p>This finding has been addressed with our Food Service Provider, and recommendations were addressed in January 2019.</p>	<p>Business Administrator Finance Manager Food Service Provider</p>	<p>Completed.</p>

<p>Continued</p> <p>Student Body Activities</p>	<p>(26) Auditor noted monies held for deposit to the High School student activity account in the amount of \$151.00 was missing from the lockbox in the High School Central Office.</p>	<p>Develop greater safeguards in securing the lock-box within the central office.</p>	<p>Securing the safe deposit box with the Central office is essential, monthly reconciliation reports will be generated to account for all funds.</p>	<p>This finding has been corrected, the Central Lock Box is currently properly secured.</p> <p>Monthly reconciliation report has been established. This will be accomplished by January 30, 2019</p>	<p>Student Accounts Treasurer Business Administrator Finance Manager</p>	<p>Completed.</p> <p>Ongoing.</p>
	<p>(27) Auditor noted financial transactions for various activities within the Elementary & High School student activity accounts were not related type activities for the students.</p>	<p>All student accounts must have related attachments to support the student activity involvements.</p>	<p>The District will ensure all related documentation that supports the student activity is filed and on hand for review.</p>	<p>This finding is currently under review, and the Student Accounts treasurer is revising the protocols to correct this concern by April 01, 2019.</p>	<p>Student Accounts Treasurer Business Administrator Finance Manager</p>	<p>Ongoing.</p>
	<p>(28) Auditor noticed disbursements from the Elementary and High School Activity accounts where proper signatures were missing and voucher request forms. Certain payments failed to have proper supporting documentation.</p>	<p>All checks released from the student accounts will proper authorized signatures before releasing the funds.</p>	<p>All checks released through the student's accounts will have proper authorized signatures before monies are released.</p>	<p>This finding is currently under review, and the Student Accounts treasurer is revising the protocols to correct this concern by January 20, 2019.</p>	<p>Student Accounts Treasurer Business Administrator Finance Manager</p>	<p>Ongoing.</p>

Pupil Transportation	<p>(29) Auditor recognized the following concerns:</p> <p>a. Numerous students classified as regular special education students whose individual education plan (IEP) did not indicate transportation was required.</p>	Internal control procedures be revised to ensure proper classifications within the DTRS system.	District will ensure proper classification within the DTRS is accomplished before submitting the State reports.	This finding has been addressed during the audit, and new procedures are in-place to help eliminate possible miss-classifications within the DTRS.	Transportation Coordinator Finance Manager Business Administrator	Completed.
	<p>b. Student classified as regular education student without special transportation needs should have been classified as special education student with special transportation needs.</p>	Internal control procedures be revised to ensure proper classifications within the DTRS system.	The District will review all internal procedures to ensure proper classification of students with the State DTRS system before finalizing the submission.	This finding has been addressed during the audit, and new procedures are in-place to help eliminate possible miss-classifications within the DTRS	Transportation Coordinator Finance Manager Business Administrator	Completed.
	<p>c. Students classified as regular education student without special transportation needs should have been classified as special education student with needs.</p>	Internal control procedures be revised to ensure proper classifications within the DTRS system.	The District will ensure all proper IEP documentation is on files to support the DTRS State system submissions.	This finding has been addressed during the audit, and new procedures are in-place to help eliminate possible miss-classifications within the DTRS.	Transportation Coordinator Finance Manager Business Administrator	Completed.
	<p>d. Students classified as regular special education student were not listed on class register and IEP was not on file in the District Office.</p>	Internal control procedures be revised to ensure proper classifications within the DTRS system.	The District will ensure all proper IEP documentation is on files to support the DTRS State system submissions	This finding has been addressed during the audit, and new procedures are in-place to help eliminate possible miss-classifications within the DTRS.	Transportation Coordinator Finance Manager Business Administrator	Completed.

Facilities & Capital Assets	(30) CAFR 2018-003 – Audit of the District's capital assets revealed documentation to support amounts reported for land and building/building improvements and related depreciation was not maintained by the District and made available for audit.	The District will maintain detailed accounting records to support capital assets for land and building/building improvements and related depreciation reported in the district's financial statements.	Revise the current system for tracking long-term capital assets to include County records of building and land purchases and improvement.	This finding is currently under view, and the required research at the County Clerk's Office will be completed by June 30, 2019.	Business Administrator	Ongoing.
	Audit noted numerous capital assets reported as machinery and equipment with an initial cost below the capitalization threshold established by the District of \$2,000.00.	The District will review its machinery and equipment inventory to make appropriate adjustments for assets valued below the capitalization threshold.	Review existing files on record to revise the current asset values to remove all property under the \$2,000.00 threshold limits.	This finding is currently under view, and the required research at the County Clerk's Office will be completed by June 30, 2019.	Business Administrator Finance Manager	Ongoing.



APPROVAL OF CORRECTIVE ACTION PLAN
Thomas Egan, New Jersey State Monitor
January 28, 2019