



PENNSAUKEN PUBLIC SCHOOLS

ADMINISTRATION OFFICES

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Superintendent

Nicholas Perry
Board President

DATE: November 22, 2021

RE: **Response to the New Jersey Comptroller July 1, 2013 – June 30, 2015 Audit report**

To Whom It May Concern:

This is the district's response, following the State of New Jersey Office of the State Comptroller's Audit report titled "A Performance Audit of Selected Fiscal and Operating Practices for the period of July 1, 2013 through June 30, 2015."

The district appreciated the thorough explanation of observations and recommendations expressed in the audit report, including the methodology adopted in reviewing the district's fiscal and operating practices. Although many years has passed since the conclusion of this audit, including changes in leadership in the district (Superintendent and School Business Administrator) and lots of improvements that has taken place in various areas touched on by this report, yet we appreciate the fact that we have the opportunity to improve further in some areas of operation.

Please find below, response to highlighted points enumerated in the audit report, which includes our improvements in the years past and other areas to improve upon.

Object 1:

Health Benefit Cost Analysis

In recent times in conjunction with our health insurance broker, the district makes sure that an adequate comparison is established between SEHBP and other independent insurance carrier. We also ensure that we utilize comparative health plan cost analysis to establish objectivity and cost saving opportunity for the district.

We also make sure that our bid process is in compliance to N.J.A.C. 5:34-4 “administration of competitive contracting process”.

Objective 2:

Procurement of Health Insurance Broker Services and Health Insurance Coverage.

Corrective action has taken place on this finding. Currently, the district ensure that the Public School contract law requirement is dully followed, such as N.J.A.C. 5:34-2.3 and N.J.S.A. 18A:18A-5(a)(2) “Extraordinary Unspecifiable Services” in awarding the contract of insurance broker and N.J.S.A. 17:22A-41.1 on the disclosure of commission. The district also ensure that all required procurement forms and disclosures are included in the process of proposal acceptance as required by N.J.S.A. 52:25-24.2; N.J.S.A. 19:44A-20.26 and N.J.S.A. 17:22A-41.1(a). In addition, we have been conforming to N.J.S.A. 52:15C-10 about notifying the office of the comptroller not later than 30 days before advertisement, of any negotiation or solicitation of a contract that may exceed \$12.5 million of which this falls under.

Objective 3:

Health Insurance Benefits

The audit observation on duplication of benefit (*opt-out waiver*), and the interpretation of the provisions related to spousal coverage on collective bargaining agreement was reviewed and the district has decided to continue with this action due to its cost saving advantage, if compared to affected staff members choosing individual health insurance plan coverage option.

Objective 4:

Income Verification for Free and Reduced-Price Lunch

In the last five years, effort has been made to ensure that the district conform to the income verification for National School Lunch Program pursuant to the United State department of Agriculture regulations. The district’s food department has put in place measures that result in application error reduction and income verifications to ensure correct application was filed for the program. However, the recent pandemic (Covid-19) has made verification of income difficult and most parents that qualify to apply for the program are no longer motivated due the state’s extension of the program to the general population of students. However, we promise to continue to uphold the integrity of the program through proper application verification when situation gets back to normal.

Objective 5 (A & B):

Procurement of Food Supplies and Inventory Controls

As enumerated on the audit discussion report, the food services procurement activities in the last five years were integrated with the business office under the purchasing department in order to ensure oversight and conformity to the public school procurement regulations “N.J.S.A. 18A:18A-5 and N.J.A.C. 6A:23A-16.5(c). Food services accounting was brought over to the district accounting software to ensure monitoring, monthly bank

reconciliation and proper verification and approvals of requisitions for products and services. There were bids for all food products, Supplies and Equipment, including formal quotations and procurements through cooperatives, most especially, Garden State Cooperative for additional food and supplies. The N.J.A.C. 6A:23A-16.5 was adopted in 2015. We have also improved on food supplies inventory recordings and adequate monitoring is in progress.

Object 6:

Other Controls

Stipends

The control for payments of stipends was also strengthened in the area of board approval and duty performance. All stipend positions are board approved annually and direct administrator must verify and approve the job performance form for individual staff before payment.

Accrued Leave

The district ensures proper record keeping of employees' attendance record in electronic form through the district's personnel system and business office verifies accrued leave calculations before its inclusion in the board agenda for approval, to avoid the incidence of overpayments.

Fueling Operations

The audit's observation about the fuel usage recording system examined and necessary actions will be taken to always retain transaction reports for accounting purpose and future referencing.

Fixed Asset Inventory

Our fixed asset inventory was updated a couple of years back, the old system was discarded and all information migrated to our current budgetary software. The software was also update with current assets and entries of future assets are automated at the point of procurement. Annual physical counting of our assets is also being implemented.

We not only acknowledge the office of the state Comptroller's meticulous review of the district's fiscal and operating practices, we also value the opportunity to respond to this report and improve on other areas that requires improvement. We are in anticipation of your direction on the next step to conclude this audit process.

Sincerely,

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

Ronnie Tarchichi M.Ed.², M.S., M.B.S., M.A.², Ed.D., Ph.D

SUPERINTENDENT