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Department of Education
State of New Jersey

This report presents the results of our performance audit (audit) of the Camden School District (the District). Our audit was conducted in accordance with the standards applicable to performance audits contained in *Generally Accepted Government Auditing Standards (GAGAS)*, issued by the Comptroller General of the United States.

Audit Objectives The objectives of the audit were to (1) identify and provide recommendations to potentially correct deficiencies in internal controls and (2) analyze historical expenditures to identify potential errors and irregularities in spending.

Audit Scope The business processes included in the scope of our audit related to the assessment of internal controls were budget, accounts payable, payroll, human resources, financial management, purchasing, facilities management, grants management, student activity funds, technology, inventory, and pupil transportation. In meeting the first objective, we considered the process and related internal controls in place at the time of our fieldwork. The scope of this audit did not include testing of internal controls. To achieve the second objective, we utilized automated tools to tabulate and summarize 100% of the salary and nonsalary expenditures of the District from the period July 1, 2004 through June 30, 2006. Using the results of these tabulations, we sampled transactions to further analyze the potential for irregularities. We also judgmentally selected purchase orders from account codes identified by the Department to identify the nature of the purchases.

Audit Methodology The audit was accomplished through the completion of three phases. The three phases included Project Planning, Information Gathering and Analysis, and Validation and Reporting.

Audit Observations Observations related to internal controls were noted during our audit. The observations and related recommendations were presented to management by operational area. Irregularities were also noted in the analyses of historical expenditures and review of purchase orders.

Management Response A draft of this report was discussed at an exit conference with the New Jersey Department of Education (the Department) on November 30, 2006. No significant changes were made to the draft report as a result of the exit conference. In addition, the report has been shared with District management. The District's response is presented as an appendix.



Project Background

The audit entailed interviewing District personnel and administrators, as well as compiling and analyzing data from various sources. The scope included assessing internal controls over business processes as well as an analysis of historical expenditures. The business processes included in our audit were as follows:

- Accounts Payable
- Payroll
- Human Resources
- Financial Management (including Student Activities, Grants Management, and Budget)
- Facilities Management
- Food Services
- Pupil Transportation
- Technology
- Purchasing
- Inventory and Fixed Assets

Approach

This project was conducted in an objective, confidential, and independent manner. Our results and analysis are documented in a clear, accurate, and credible fashion. The approach and methodology utilized throughout the course of the audit are explained below.

Project Planning

The objectives of project planning included meeting with representatives of the Department to kick off the project, validating our understanding of the audit, confirming key areas to be included in the audit, and developing a tailored audit plan and internal control questionnaire. To achieve the objectives of this phase, we executed the following tasks:

Project Background *(continued)*

Conducted a Kickoff meeting with the Department – During the kickoff meeting, we covered the following:

- Introduced members of the KPMG team and the Department, and discussed other key stakeholders
- Discussed individual roles and responsibilities for each of the project team members
- Discussed the scope and purpose of the audit in detail and any specifics related to the District
- Confirmed the anticipated audit cycle

Developed an Audit Plan – The project team commenced initial planning efforts by developing an audit program in accordance with GAGAS that included the business processes to be evaluated.

Developed an Internal Control Questionnaire – The project team developed a project specific internal control questionnaire (ICQ) covering each of the business processes included in our audit. The ICQ was tailored to guide our interviews of business process owners with regard to the policies and procedures and related internal controls of the District.

Information Gathering and Analysis

The objectives of this phase included meeting with representatives of the District to initiate the project and conduct fieldwork. To achieve the objectives of this phase, we executed the following tasks:

District Entrance Conference – We conducted an entrance conference with the Interim Superintendent and the Interim Assistant School Business Administrator. This meeting set the tone for the audit and facilitated project schedules within the framework of managements' normal work routines. During this meeting, we introduced members of the KPMG project team, reviewed the previously submitted request of documents for review and analysis, addressed district questions or concerns related to the audit, and confirmed timing of audit fieldwork and availability of pertinent District staff.

Project Background *(continued)*

District Fieldwork – Our fieldwork was focused in two areas: internal controls and historical expenditures. In conducting fieldwork, we used an array of techniques to gather and analyze data. These included the following:

- **Document Review** – We requested and reviewed various documents to acquaint ourselves with the business processes included in the scope of the audit. The following is a list of the key documents reviewed:
 - Policies and Procedure Manuals
 - Organizational Charts
 - Fixed Asset Listings
 - Employee Manual and Handbook
 - The Board of Education (the Board) Meeting Minutes
 - Audited Financial Statements
 - Consolidated Budget
 - Collective Bargaining Agreements
 - Professional Services Contracts

The key documents listed above are those that provided us with a high-level understanding of the District’s business operations.

- **Structured Interviews** – More than 20 interviews were conducted with District employees responsible for supervising the business processes included in the scope of our audit. The interviews followed a structured agenda and the ICQ, but also allowed for open-ended discussion to take place. We conducted interviews with the following key process owners:

District Personnel Interviewed ¹	
Interim Superintendent	Supervisor of Facility Management
Interim Assistant Superintendent	Warehouse Manager
Interim Assistant Superintendent	Property Manager
Director of HR/Acting Business Administrator	Supervisor of Food Services
Director of Purchasing/ Acting Assistant Business Administrator	Director of Operational Technology
Acting Payroll Specialist/ HR Data Operational Specialist	Supervisor of Transportation
A/P Manager	Executive Secretary for Business Office
A/P Specialist	Grants Supervisor
Comptroller	Grants Account Manager
Accounting Manager for General Fund	Accounting Manager for Grants
Accounting Manager for Activities	Accounting Manager for Grants

¹ This is not an all-inclusive list of interviewees

Project Background *(continued)*

- **Documentation of Processes and Key Controls** – At the completion of each interview, the processes and key internal controls, as described by the process “owner,” were summarized in a standard format. Observations related to potential internal control weaknesses (i.e., lack of controls) were also documented.
- **Walk-through of Key Controls** – We selected key controls identified in our documentation of the processes as described by the process owners and performed a walk-through to further understand the process and controls. Walk-throughs were performed by inquiry and observation or by review of sample transactions and related supporting documents. Potential weaknesses identified during the walk-throughs were documented as observations.
- **Communication of Preliminary Observations** – Facilitated several project management meetings, including periodic status meetings and communications with the Department and District Management.
- **Historical Expenditure Analyses** – Requested from the District electronic data encompassing 100% of payroll transactions and vendor disbursements for the period July 1, 2004 through June 30, 2006. Ran the data through a series of queries to identify outliers for focused follow-up.
- **Purchase Order Desk Review** – Judgmentally selected and requested a sample of purchase orders paid by the District during the audit period from account and object codes provided by the Department. We reviewed the selected purchase orders solely to document the nature of the purchases as indicated in the purchase order package provided by the District.

Validation and Reporting

The objectives of this phase included developing a draft report, facilitating an exit conference at the District, validating our findings, finalizing the audit report, and providing other support. To achieve the objectives of this phase, we executed the following tasks:

- **Validation** – We shared our summary of the processes and key controls with each process owner and management for validation to help ensure our understanding of the processes and key controls were valid.

Project Background *(continued)*

- **Shared Observations** – We shared observations of potential control weaknesses with District management for validation. We also met with the Department to discuss preliminary observations and project status throughout the duration of the fieldwork.
- **Draft Report** – We prepared a preliminary report to communicate the results of the fieldwork performed and shared this with the District and the Department.
- **Final Report** – Based upon the agreed process, results, and outcome of discussions with the District and the Department, the project team finalized and issued the report to the Department.

Organization of the Report

This report represents the results of our performance audit of the District. Our audit was conducted in accordance with GAGAS. The remainder of this report is organized as follows:

- Executive Summary
- Individual Business Processes Reviewed
 - Overview and Background
 - Summary of Observations and Recommendations
 - Historical Expenditure Analyses (presented in the Accounts Payable and Payroll sections of this report)
 - Desk Review of Purchase Orders (presented in the Accounts Payable section of this report)
- Process Activities, Key Controls, and Observations (Appendix)
- District Response (Appendix)

It is important that the report be considered in its entirety. Just as the various areas reviewed share functionality and overlap processes, the observations and recommendations provided in this report could impact more than the office and area from which they originated.



Executive Summary

It is important to note that the scope of this audit involved two parts: an assessment of the District's internal controls over key functions and a review of historical expenditures. In order to accomplish both tasks in the timeframe allotted, we began with evaluating key processes, including:

- Accounts Payable
- Payroll
- Human Resources
- Financial Management (including Student Activities, Grants Management, and Budget)
- Facilities Management
- Food Services
- Pupil Transportation
- Technology
- Purchasing
- Inventory and Fixed Assets

Once an understanding of the processes and controls in place was established, we were able to identify gaps or control weaknesses and develop recommendations for improvement. Almost simultaneously, our data team was working to obtain and understand electronic data provided by the District encompassing payroll transactions and vendor disbursements. This information was then analyzed to identify specific instances that raised questions as to the legitimacy of payments made. Often, the analysis of historical expenditures and related follow-up confirmed and provided support to the internal control weaknesses identified. In some instances, additional internal control observations were noted.

This report presents the results of the internal controls assessment and incorporates the analysis of historical expenditures. The Executive Summary includes a high-level summary of our observations and related recommendations developed based on inquiry and observation, as well as data query and detailed transaction review.

Assessment of Internal Controls

The following table provides a listing of all internal control observations contained in the body of this report and presents our overall assessment of internal controls over the business processes included in the scope of our audit. Our assessment indicates the potential effect or unmitigated risk of the control weaknesses noted. We considered the likelihood of the weaknesses to result in errors in recording of financial transactions, whether there were other mitigating controls and whether those controls were also identified as having a weakness. The assessed potential effect of high, medium or low was based upon:

- Our understanding of the related business process and key internal controls identified in performing the audit;
- The potential impact of the weakness on financial records;
- Existence or lack of mitigating controls;
- Pervasiveness of control weaknesses across business functions; and
- Results of the Historical Expenditure Analyses and Purchase Order Desk Reviews.

We would suggest that the District consider first those recommendations that can be implemented in the short term (e.g., within six months) that would have the highest impact on unmitigated risk. Management should also consider, concurrently, those recommendations that require long-term planning, and begin the process of developing a strategy for implementation.

Executive Summary *(continued)*

The following chart summarizes 63 internal control observations identified in the 10 business processes reviewed. Specifically, we identified 54 observations that should be addressed in the short term. Of those 54 items, 41 issues could have a high potential unmitigated risk.

Section	Area	Timing		Potential Risk		
		Long Term	Short Term	High	Med	Low
General Observations	Lack of or Non-compliance with Standard Operating Procedures		√	√		
	Limited Internal Control Practices		√	√		
	Outdated Technology and Reliance on Manual Processes	√		√		
	Organizational Structure and Resource Constraints	√		√		
	Lack of Segregation of Duties		√	√		
	Poor Document Management		√	√		
Accounts Payable	Lack of Standard Operating Procedures		√	√		
	Lack of Segregation of Duties		√	√		
	Inconsistent Review and Approval of Invoices and Manual Checks		√		√	
	Signature Stamp Utilized for Approvals		√	√		
	Ability to Alter Purchase Orders		√	√		
	Limited System Access Controls		√	√		
	Lack of Documentation to Support Disbursements		√		√	

Executive Summary (continued)

Section	Area	Timing		Potential Risk		
		Long Term	Short Term	High	Med	Low
Accounts Payable (continued)	Failure to Track Employee Reimbursement versus Vendor Disbursement		√	√		
	Improper Payments for Student Activities	√				√
Payroll	Lack of Standard Operating Procedures		√	√		
	Lack of Segregation of Duties		√	√		
	Limited System Access Controls		√	√		
	Reliance on Manual Processes	√			√	
	Lack of Management Review		√	√		
	Minimal Safeguards for Voided Checks		√		√	
	Lack of Monitoring Overtime		√		√	
	Bank Reconciliations Performed by an Outside Vendor		√		√	
Human Resources	Lack of Standard Operating Procedures		√	√		
	Lack of Segregation of Duties		√	√		
	Lack of Job Descriptions		√			√
	Reliance on Manual Processes	√			√	
	Lack of Management Review		√	√		
	New Hires Submitted for Board Approval Without HR Knowledge		√	√		
	Lack of Controls Related to Processing Retired Employee Benefit Payments		√			√

Executive Summary (continued)

Section	Area	Timing		Potential Risk		
		Long Term	Short Term	High	Med	Low
Financial Management	Lack of Standard Operating Procedures		√	√		
	Lack of Segregation of Duties		√	√		
	Reliance on Manual Processes	√			√	
	Lack of Management Review		√	√		
	Limited System Access Controls		√	√		
	Bank Reconciliations Not Performed Timely		√	√		
	School Budget Process Not Documented	√			√	
	Default Approval of Budget Transfers		√		√	
	Decentralized Grants Management Function	√			√	
Facilities Management	Lack of Standard Operating Procedures		√	√		
	Lack of Segregation of Duties		√	√		
	Lack of Management Review		√		√	
	Overtime Approval Process Not Followed		√		√	
	Purchases Not Monitored		√	√		
Food Services	Lack of Standard Operating Procedures		√	√		
	Reliance on Manual Processes	√			√	
	Controls Lacking over Deposits for Food Services		√	√		

Executive Summary (continued)

Section	Area	Timing		Potential Risk		
		Long Term	Short Term	High	Med	Low
Pupil Transportation	Lack of Standard Operating Procedures		√	√		
	Minimal Monitoring of Ridership		√		√	
	Lack of Competitive Process		√	√		
Technology	Absence of Incomplete Organizational IT Policies		√	√		
	Absence of Sufficient Controls, Policies and Documentation		√	√		
	Absent or Incomplete Network Controls and Policies		√	√		
Purchasing	Non-compliance with Standard Operating Procedures		√	√		
	Lack of Supporting Documentation		√		√	
	Limited System Access Controls		√	√		
	Lack of Management Review		√	√		
	Poor Maintenance of Vendor Files		√	√		
	Inventory Purchases Not Tracked Appropriately		√		√	
Inventory	Non-compliance with Standard Operating Procedures		√	√		
	Lack of Segregation of Duties		√	√		
	Lack of Formal Ordering Process		√	√		
	Inventory Records Not Properly Maintained		√	√		

Discussion of Overall Results

The following pages summarize the overarching observations related to internal controls as well as some of the observations noted during the review of historical expenditures and review of purchase orders. The observations summarized below are those that are considered pervasive throughout the District and can have a significant impact on the District's ability to operate in an effective and appropriate manner. Additional observations are provided in further detail in the body of the report by business process.

Organizational Structure and Resource Constraints

It was evident during the course of our review that the District does not have the appropriate resources with respect to number of employees and skill level to effectively conduct its operations. A number of positions are vacant and many people have stepped into "acting" positions in the absence of permanent employees. In many cases, employees are overwhelmed with performing the work of two individuals.

The District has recently undergone significant organizational changes and is still operating under what would be considered a "transitional team." Reporting lines are unclear, perhaps as a result of transitional employees and vacant positions and proper supervision is not evident. During one interview, the interviewee was uncertain as to whom she reported. Without clear authority, District staff is not held accountable for work performed. In fact, the lack of supervision creates an opportunity for improper activities to take place. In addition, the resource constraints have led to poor segregation of duties, discussed below.

The District should address the resource issues as quickly as possible. Recruiting, hiring, and training of employees should continue to be a focus to help ensure the employees responsible for key functions are appropriately skilled and held accountable for work performed.

Lack of or Noncompliance with Standard Operating Procedures

As part of our initial documentation request, the District provided its Standard Operating Procedures (SOP) manual. However, it became evident after only a limited number of interviews that the procedures contained in the manual were simply words on a page and not applied in the course of District operations. Throughout each functional area, the policies and procedures being applied did not match those documented.

The SOP only had a place holder for Accounts Payable; no specific procedures were provided.

Without clear documentation of the District's operations, holding individuals accountable for work performed becomes difficult as no standard is set. In addition, inconsistency becomes a significant concern in terms of how transactions are executed or processes are carried out.

The District should evaluate the existing SOP and update it to reflect appropriate policies and procedures (including internal controls). The SOP should then be utilized and enforced through a routine monitoring process executed by staff not involved in the daily functions of the department. The establishment of an internal audit function to oversee adherence to District policies and procedures might be considered in addition to the fiscal monitor, who the District anticipates will start in January 2007.

Limited Internal Control Practices

Internal controls are an essential element in running the affairs of any organization including a school district. During the course of our engagement, we noted that the District does not have internal controls sufficiently documented. Additionally, throughout this report we noted numerous deficiencies in the District's policies and procedures as they relate to internal controls. More specifically, we noted the following:

- Internal controls are not documented for critical financial reporting processes, such as budget, payroll, human resources, financial reporting, cash receipts, and cash disbursement.
- The District does not have a formal program for monitoring internal controls. Review of transactions or processes by a supervisor is often lacking. For example, it is common practice in the District to process journal entries without a review or approval by a supervisor. This practice could lead to a situation where there may be a material impact to the district's financials.
- Staff members are not familiar with internal controls within their area of responsibility (e.g., one supervisor we spoke with was not aware as to who within their division had which level of access to the system).
- Several standard monthly control procedures/reconciliations are not completed, reviewed, or approved; certain reconciliations are only completed at year end.

Executive Summary *(continued)*

The absence of internal controls as summarized has caused irregularities to occur in the past. This lack of documented internal controls and shortcomings in internal controls represents a deficiency and exposes the District to the potential risk of irregularities, fraud, and errors going undetected. Incorporating internal controls should be considered when implementing any process.

Formal documentation and monitoring of internal controls is essential to maintaining an efficient control environment. We recommend that the District establish a formal plan for documenting and performing ongoing testing of the District's internal controls related to key functions. The District should establish a work group to develop:

- Documentation of the District's internal controls;
- A plan for a sustainable internal control monitoring process;
- Routine evaluation of the design and operating effectiveness of key controls established and documentation of the results of such evaluations;
- A process for establishing and following up on corrective action plans created as a result of this and other audits to address control deficiencies; and
- A means to hold supervisors accountable for implementing and enforcing, as well as strengthening where applicable, internal controls.

Reliance on Manual Processes

The technology utilized in the District for its core functions is outdated and ineffective. In conducting the review, a number of issues arose indicating a need for enhanced systems and an integrated use of technology. The discussion below attempts to highlight some of these issues. As a result of the severity of the issues identified, the integrity of the data contained in the key systems at the District is questionable.

Executive Summary *(continued)*

- Many of the functions within the District are paper-based and extremely labor-intensive. Often transactions require multi-part forms (e.g., personnel action and purchase requisitions, purchases order forms) and physical passage of documents. Information is not recorded into the system until the end of the process, when it is entered in batches, or once multiple levels of data entry (of the same data elements) are completed. This practice is not efficient and may be an area for savings. The timing issue of recording transactions also interferes with managements ability to rely on the computer system for current financials.
- As a result of the paper-based, manual, and fragmented nature of the processes, errors often occur. The Purchasing, Accounts Payable, and Payroll staff is burdened with finding errors or violations of District policy and then resolving them with District staff. This is a very reactive and time-consuming approach.
- “Real-time” data is not available. The most frequent complaint of users is that they do not have access to necessary information (e.g., payroll reports, overtime paid, etc.).
- The financial accounting system is not integrated with other administrative management systems (e.g., SMART System). This makes it difficult to share or access data, and incorporate the appropriate level of automated internal controls, making basic financial management tasks relating to data entry (e.g., payroll data) in the Accounting and Payroll systems difficult and inefficient.
- Access to the system is not carefully monitored, which presents an opportunity for people to manipulate the system.
- To compensate for the system shortcomings, manual shadow systems (processes) have been developed. Transactions are processed and reviewed outside of the system, resulting in significant duplication of effort and the potential of errors and omissions.
- Transactions processed around the system rather than through it also result in control deficiencies and segregation of duty issues. District staff feel it is often in their best interest to work around the system rather than through it, resulting in control deficiencies and segregation of duty issues (e.g., not updating the HR system to reflect a past employee who was rehired into another position).

Executive Summary *(continued)*

- Transaction processing is not guided by materiality. Every transaction has equal weight, regardless of the dollar amount, complexity, or programmatic urgency of the transaction. The amount of control exerted or attention devoted to the transaction is the same.

As noted throughout this report, many errors and irregularities have occurred at the District that may have been prevented by having automated procedures in place. We recommend that the District work with the Technology department to implement certain automated controls to help mitigate the situations discussed above. Without system controls and data integrity, the District cannot effectively manage daily operations and the opportunity for inappropriate activities remains.

Segregation of Duties

The basic premise of segregating duties is to prevent situations where an employee has the ability to perpetrate an error or irregularity and to conceal it. Proper segregation of duties provides for a system of checks and balances such that the functions by one employee are subject to review through the performance of interrelated functions of another employee. In the course of our review, we noted several situations involving conflicting duties. For example:

- *Receiving purchases orders, invoices, and preparing payment to vendors* – Clerks are responsible for receiving the purchase order (PO) from the Purchasing Department (Purchasing), receiving the invoice from the vendor, matching the PO to the vendor invoice, entering the invoice in SMARTS (the System), and preparing the invoice for payment. This process is not reviewed and/or approved by the Accounts Payable Manager or Accounts Payable Specialist.

Executive Summary *(continued)*

- *Entering new and terminating existing employees* –The Acting Payroll Specialist enters the payroll information for new hires as the Data Operational Specialist for Human Resources and then completes a review of this information for accuracy and existence as the Acting Payroll Specialist. For the termination process, the Acting Payroll Specialist terminates the employee as the Data Operational Specialist for Human Resources and then completes a review to assure that the employee was properly terminated in the system and no longer scheduled to receive payroll disbursements. However, based on the analysis of historical expenditures, there were instances where some employees were being paid up to 365 days after termination. See Historical Expenditure Analysis for further detail.
- *Tracking and monitoring employee attendance* –The HR clerk is responsible for receiving the daily employee absence form, the daily attendance sheets, and the year-end attendance report for each school. The HR clerk enters the sick/personal/vacation days in SMARTS based on the daily absence form. The daily attendance sheets and the year-end attendance report are matched to the attendance information maintained in SMARTS for each employee. HR management does not conduct a formal review over the attendance process.
- *Recording and depositing funds* –The Accounting Manager for General Funds is responsible for receiving the bank approved deposit slip, preparing and entering the journal entry in SMARTS, and completing the bank reconciliation at the end of the month. This process is not reviewed and/or approved by the Comptroller.
- *Recording, tracking, reconciling, and disposing of fixed assets* - In the course of our review of Inventory/Fixed Assets, we noted the Property Manager is the only individual responsible for tagging, recording the asset into Info-Bid (the District's asset inventory system), removing disposed items from Info-Bid, and reconciling the inventory list in Info-Bid to the inventory list of each school.
- *Ordering, receiving, and documenting inventory* –The Warehouse Manager is responsible for ordering, receiving, accepting, and documenting the receipt of goods. Orders are based on the manager's knowledge of what supplies are needed. The manager does not conduct any formal analysis to determine what supplies are required. The manager is also responsible for signing for the goods upon delivery.

Executive Summary *(continued)*

- *Monitoring overtime charges* - Overtime is processed by Payroll after receipt of a completed and authorized overtime approval form that is compared to the employee's attendance sheet. The overtime hours and amount of compensation are entered into SMARTS. The overtime amount is not tracked or monitored by Payroll. Payroll does not conduct a review or analysis for overtime paid throughout the year. Unnecessary, unapproved or unworked overtime could be submitted by employees resulting in the employee receiving additional compensation that they do not deserve.

Each of these situations represents a deficiency and exposes the District to the potential risk of an unintentional error, fraud, or irregularities going undetected. We recommend conflicting responsibilities and sole authority be addressed appropriately and immediately.

Poor Document Management

In conducting the historical expenditure analysis portion of our review, we requested documentation to support both vendor disbursements and payroll transactions, such as purchase order packages and personnel files. The District was unable to locate a number of items, and often, what was provided was not sufficient to support the legitimacy of expenditure. We also noted instances where documentation of the purpose of purchases was not sufficient to support the legitimacy of expenditure. Without proper document management, the District cannot appropriately capture its operations and support expenditures. Poor document management also provides an opportunity for potentially inappropriate activities.

The District should require as part of its SOP specific documentation to support expenditures. Vendor disbursements and payroll transactions should not be processed without required supporting documentation.

Furthermore, when extracting data from the accounts payable and payroll systems, it was concerning that the District purges data from its systems at the end of each year. To provide a trail of transactions for both of these areas would be key to support expenditures. Although the information is stored on backup tapes, it was unusual that the various systems do not house more than one year of data. The District should consider reviewing its policies to purge data less frequently and allow multiple years worth of data to be accessed electronically; this information could then be used to conduct additional historical expenditure analysis.

Review of Additional Purchase Orders

At the direction of the Department, we conducted a “desk review” of a sample of purchase orders charged to particular program, function and object codes. Of the 334 transactions selected, 264 appear questionable based on the review of the purchase order packages provided. For the purposes of this report, “Questionable” means that the supporting documentation contained in the purchase order package did not provide sufficient documentation to justify whether the purchase was reasonable or educational in nature. Additional follow-up would be necessary to further understand the purchase (e.g., reason for the purchase, who benefited from the purchase, was it educational and/or essential, were the goods services actually received, is the item available for inspection, etc.). For example, out-of-state travel was identified as questionable, pending related approval documentation from the State Department of Education. Also, in-state travel for non-education related conference is considered questionable. These items total \$13,044,369.

It should be noted that any items that we did not consider questionable appear reasonable on the face of the purchase order; for example, a purchase order for textbooks for Mrs. Smith's eighth grade science class would not be considered questionable. However, the “desk review” does not consider if this was the fourth year in a row that textbooks had been purchased for Mrs. Smith's eighth grade science class.



Accounts Payable

Overview and Background

The Accounts Payable (AP) department consists of an AP Manager, an AP Specialist, and four clerks. The AP department processes payments once a month, with the check run completed by the Data Processing department. A District policy indicates Accounts Payable does not pay vendor invoices within 30 days of the purchase order. Accounts Payable pays vendor invoices for District bills (i.e., electric). Accounts Payable maintains a priority list for District bills and when they are required to be paid.

As part of our procedures, we developed a high-level understanding of the Accounts Payable process. The following key sub-processes were identified as part of the Accounts Payable department:

- Payment of Invoices
- Edits and Changes to Purchase Orders (POs)
- Tracking POs

We performed a walk-through of the appropriate sub-processes of the Accounts Payable process to verify our understanding.

Summary of Observations and Recommendations

On the following pages, we present a summary of observations and recommendations related to the sub-processes listed above. We have titled each observation, provided a discussion of the circumstances surrounding the observation, and presented potential recommendations for consideration.

Standard Operating Procedures

Throughout the District, and particularly within AP, there is a lack of policies and procedures both in existence and implementation. The District Standard Operating Procedures (SOP) manual drafted and accepted for implementation in 2004 contains a section for Accounts Payable (section 24); however, this section is identified as “placeholder for procedures to be developed for Accounts Payable.” As of October 2006, when KPMG performed a walk-through of the Accounts Payable process, a SOP for Accounts Payable still did not exist. Without current SOPs in place that all affected employees are aware of, the District is exposed to potential inconsistencies and/or unauthorized or inappropriate expenditures.

We recommend that the District develop a comprehensive SOP for Accounts Payable that combines current processes and any enhancements made based on the results of this assessment and other audits/reviews. The SOP should pay special attention to and clearly document internal controls.

Segregation of Duties

An element of effective internal controls is the proper segregation of duties. The basic premise of segregating duties is to prevent situations where an employee has the ability to perpetrate an error or irregularity and to conceal it. Proper segregation of duties provides for a system of checks and balances such that the functions by one employee are subject to review through the performance of interrelated functions of another employee. In the course of our review of the Accounts Payable department, we noted the conflicting duties discussed below.

The Accounts Payable department consists of an AP Manager, an AP Specialist, and four clerks. The clerks are responsible for receiving the purchase order (PO) from the Purchasing department (Purchasing), receiving the invoice from the vendor, matching the PO to the vendor invoice, entering the invoice in SMARTS (the System), and preparing the invoice for payment. This process is not reviewed and/or approved by the Accounts Payable Manager or Accounts Payable Specialist. This segregation of duties concern may lead to clerks making inappropriate changes in the system or to the PO. By changing the PO, clerks could make unauthorized or inappropriate payments to vendors that would appear appropriate because they reconcile to the PO.

Accounts Payable *(continued)*

Each of these situations could result in an intentional or unintentional error or irregularity going undetected. We recommend such conflicting responsibilities be separated to the extent possible. Management should segregate the duties and responsibilities of the Accounts Payable clerks. The Accounts Payable clerks should not be able to receive, review, and enter the invoice for payment. Responsibilities may be segregated between each clerk to eliminate the segregation of duties concern.

Review and Approval of Invoices and Manual Checks

We noted the Accounts Payable department lacks formal policies and procedures for conducting reviews and approving vendor invoices, vendor bill lists, and manual checks to POs. For example:

- After the vendor invoices are entered into the system, vendor bill lists are created by the AP clerks. The vendor bill lists are presented at the monthly Board meeting for approval. The AP Manager and AP Specialist do not formally document a review/approval over the vendor bill lists.
- Accounts Payable has the ability to create a manual check when needed to pay a PO. The review by the Accounts Payable Manager or Accounts Payable Specialist of matching the manual check to the PO is informal; no documentation of this review is maintained.
- Often Accounts Payable clerks make manual edits to POs as well as within the System. There is no formal approval or review of the manual edit by either the Accounts Payable Manager or Accounts Payable Specialist.

Not having formal review and approval of invoices and manual checks removes accountability. By requiring formal review and approval, there is someone who can be questioned to explain why the payment was made for the given amount. If this payment is inappropriate or unauthorized there is an audit trail to identify the individual responsible for the misappropriation.

We recommend that the Accounts Payable department implement formal policies and procedures for conducting reviews and obtaining approvals. The District may consider the following:

- Accounts Payable management should formally review and approve vendor payment documentation prior to data entry into the system by the AP clerks.

Accounts Payable *(continued)*

- The vendor bill list should be formally reviewed and approved by the AP Manager prior to submission to the Board for approval.
- When the PO amount does not match the vendor invoice amount, the AP clerks should bring this to the attention of management. Management should then consult with the Purchasing Director and formally approve any necessary changes documenting the reason for the change.

Stamp Utilized for Authorization

Although not a documented policy, the AP Manager indicated that all vendor invoices and checks payable to the vendor are authorized and approved by the Business Administrator (BA). However, it is our understanding that the BA does not personally approve all invoices; instead, a rubber signature stamp is used by the Accounts Payable Manager to approve the invoices. Additionally, the signature stamp is maintained in the business office and it is not signed out by the Accounts Payable Manager when it is used. Accounts Payable also maintains a signature stamp for the School Treasurer of Monies. The signature stamp is used by the Accounts Payable clerks to approve manual checks to vendors. The Accounts Payable Manager maintains the stamp and distributes the stamp to the Accounts Payable clerks upon a request. A log is not maintained to track who has used the stamp. The use of a stamp for authorization reduces accountability and allows for the potential misuse of the stamp to approve payments that the stamp owner may not have approved themselves.

Management should require that the signature stamps be signed out and maintain a log of who requested it and when it was signed out.

Changes to Purchase Order Amounts

Based on our discussions with representatives from AP, clerks have the ability to increase and decrease PO amounts before and after the monthly Board meeting where the vendor bill lists are approved. These changes are processed in the system without proper authorization, review, or approval. Data processing is then responsible for preparation of the Accounts Payable checks. Neither AP nor Data Processing reconciles the Board-approved vendor bill lists to verify which checks should be prepared.

By changing the PO, clerks could make unauthorized or inappropriate payments to vendors that would appear appropriate because they reconcile to the PO.

Accounts Payable *(continued)*

The historical expenditure analysis identified 303 instances where the amounts paid against a purchased order exceeded the original purchase order amount by more than 25%. See the Results of the Historical Expenditure Analysis for additional information.

The District should establish a policy to require proper approval for any changes made to purchase order and payment amounts. In the event a change is required after the Board formally approves the vendor bill list, the change should be presented to the Board again based on the percentage variance. The variance threshold should be established by the Board.

Management should review, and if necessary, revise access controls to limit access and opportunity change PO and payment amounts. Lastly, a reconciliation between the Board-approved list and the list received from Accounts Payable for payment should be performed by Data Processing.

System Access

In order for segregation of duty controls to be effective, they must be coupled with system access controls. Accounts Payable and Purchasing should not have overlapping access to the system. There are set policies and procedures that must be followed by Purchasing prior to a PO being issued. However, Accounts Payable clerks have the ability to increase the amount of a PO without discussing the ramifications with Purchasing or receiving management approval. In fact, the Accounts Payable Manager and the Accounts Payable Specialist have the ability to create new POs without ever consulting Purchasing or providing formal notification that the PO was created. This control deficiency would allow continuous expenditures to be paid without proper authorization and approval from Purchasing. In addition, it creates potential non-compliance issues as it relates to State procurement laws.

We recommend system access be reviewed by the BA, Accounts Payable Manager, and Purchasing Director. The Accounts Payable Manager and Purchasing Director should identify what access level each member of their department should have, with final approval coming from the BA. The BA, Accounts Payable Manager, and Head of Purchasing should work with the Director of Technology to ensure that system access rights are updated for all employees and that a review of system access is performed on a consistent basis. All employee system access should be reviewed to confirm that there are no instances where an employee has access that could violate segregation of duty and/or system access controls.

Accounts Payable *(continued)*

Supporting Documentation

Effective controls should be properly documented with a clear indication of the procedures performed and the corresponding approval. We would expect that supporting documentation for each disbursement is maintained in an orderly manner. In addition to the lack of a Standard Operating Procedures manual for Accounts Payable, the following documentation issues were noted:

- Accounts Payable does not maintain the check stubs for checks issued to vendors. Instead, a label is attached to the PO indicating the vendor name, check number, account number, PO number, and amount paid. This is not the original source documentation, but rather serves as secondary evidence of the check being cut. Creation of the label could potentially be done by anyone.
- If an invoice is received that is agreed to a PO with an account that has exceeded its budget, the Comptroller often shifts the excess amount to another account. There is no documentation of the Comptroller's approval for another account to be used to cover the invoice, and the additional account number is never referenced on the PO.
- Stamps are often used to approve a PO, which could result in processing of improper or excessive payments. Without management being held accountable and passing off the responsibility to anyone who holds a stamp, there is minimal control over the approval process.
- There is no checklist of required items to be included in a PO package in order for it to be deemed complete. Upon review of a number of POs, it was evident that proper documentation is not maintained to support requests for disbursements. For example, out of a specific request for supporting documentation for 334 disbursements, the District was unable to provide any documents, including the original PO, for 151 disbursements. For those that the District provided some level of documentation, it was often insufficient to support the educational need for the purchase. Refer to the Results of the Historical Expenditure Analysis for additional information.

The District should establish Standard Operating Procedures as it relates to the Accounts Payable function; specifically, the District may want to consider the following:

- Establishing documentation requirements that prevent disbursements without proper support

Accounts Payable *(continued)*

- Maintaining check stubs as an original source of the accounting record
- Developing a formal process for account adjustments, including who is authorized to charge accounts not specifically indicated on the purchase order, the documentation required, etc.
- Establishing thresholds for use of stamps for approvals

Tracking of Employees

We noted that District employees, who received checks from A/P, are tracked as vendors and not as employees. There is no differentiation between an employee receiving an expense reimbursement and an employee receiving compensation for services performed as a vendor. There are potential tax consequences of this practice that should be further evaluated.

We recommend that A/P management consider tracking District employees as “employees” in the system including a flag for when payments remitted are for expense reimbursements as opposed to vendor services.

Payments to Athletic Game Staff

We were informed that in 2005, approximately 25 athletic game staff employees received duplicate payments for the same event. The duplicate payments totaled approximately \$6,500. The issue was brought to the attention of the District when two game officials notified the District they had been paid twice. The Accounting Specialist took over Student Activities less than one year ago, but was not notified of the double payments made. As the Accounting Specialist cleaned out the previous manager’s office, the list of staff that received duplicate payments was uncovered. The Accounting Specialist has put a stop payment on the checks that were not cashed, and has sent a letter to each staff person indicating the District’s error. Currently, the Account Specialist is attempting to retrieve the outstanding money from the four employees who cashed the checks.

- We recommend that the District tighten controls around student activities, particularly athletics. As discussed in the Accounts Payable section of the report, it is our recommendation that:
 - Accounts Payable management should formally review and approve vendor payment documentation prior to data entry into the system by the Accounts Payable clerks.

Accounts Payable *(continued)*

- The vendor bill list should be formally reviewed and approved by Accounts Payable management prior to submission to the Board for approval.
- When the PO amount does not match the vendor invoice amount, the Accounts Payable clerks should bring this to the attention of Accounts Payable management. Accounts Payable management should consult with the Head of Purchasing and then formally approve the changes that need to be made, including documentation of the reason why the change was necessary.
- The District should place language in various contracts that stipulates payees will be liable to return any funds incidentally remitted by the District.

Results of the Historical Expenditure Analyses – Vendor Disbursements

The Historical Expenditure Analyses related to accounts payable considered all nonsalary disbursements for the period 2004–2005 through 2005–2006. Data for the District is maintained within a proprietary SQL server client application developed and maintained by Computer Solutions, Inc. (CSI) called SMART. To extract the necessary data elements for the Historical Expenditure Analysis, we obtained several backup copies of the SQL server database and a copy of the SMART application. We discovered Camden routinely removes (purges) transactions information at the end of each fiscal year and calendar year. Human resource data (e.g., payroll) is deleted at the end of each calendar year and financial data is deleted at the end of each fiscal year. This is an unusual practice and it was unclear why this exercise was performed.

The structure of the database combined with the removal of transactions provided for a difficult data retrieval process. As an example, a field typically associated with a currency amount or number could routinely be used to house character data or text. To obtain the necessary data extracts, we utilized the SMART tool whenever feasible and exported those files. For instances in which the reporting tool was not sufficient, we utilized SQL server traces to record the SQL commands sent from the SMART tool to the SQL server. These recorded commands were then used to query and extract relevant information.

Accounts Payable (continued)

Once the necessary data elements were extracted from the system, we continued with a process to normalize and standardize the data. This included mapping and inserting the data into our proprietary system, identifying duplicate transactions, verifying the correctness of the data elements, “cleaning” any dirty data identified, etc. It is important to note that we did not perform tests to determine the completeness and accuracy of the data. However, during our review nothing came to our attention indicating that the data was not complete and accurate.

Essentially, this process was done to extract all disbursements as well as payroll transactions, in order for the team to analyze the payments made. For vendor disbursements, the following queries were run to identify potential anomalies or irregularities:

- *Potential Dummy Vendors* – Matches key employee information against the vendor master file to identify potential dummy vendors in the vendor file. The following data elements were compared:
 - Social Security and Tax ID (exact match)
 - Phone number (exact match)
 - Address (near match)
 - Name (near match)

It should be noted that payments vendors identified as potential employees may be legitimate as an employee may receive an expense reimbursement as a vendor of the school. However, it may be a control weakness as there is no indicator within the system to determine whether a vendor is a true vendor or an employee.

- *Possible Questionable Payments – Weekends or Holidays* - Compared dates from the check register file against the holiday schedule (when available) and weekends to flag any instances where checks were written outside *normal business days*.
- *Possible Questionable Payments – Gaps in Check Numbers* – Analyzed check numbers for the period 2004 – 2005 through 2005 – 2006 to identify any gaps in the check number sequence. Gaps in check sequence may indicate that a check has been voided. Further analysis may be completed by reconciling bank records to determine whether missing checks were cashed.

Accounts Payable *(continued)*

- *Possible Questionable Payments – Round Dollar Payments* - Analyzed check amounts to identify any round dollar payments (i.e., \$100 increments up to \$1,000 and \$1,000 increments thereafter) that may have been blanket payments as opposed to payments for specific goods or services.
- *Possible Questionable Vendors – Post Office Mail Drop Box Addresses* - Compared vendor addresses against known PO mail drop box addresses, which are equivalent to PO Box addresses, but appear to be a legitimate address.
- *Possible Questionable Vendors – Payments to Vendors not in the Vendor Master File* – Identified payments to vendors that are not included in the vendor master file.
- *Possible Questionable Payments – Invoices Paid in Excess of Purchase Order* - Identified payments against any PO where the total of payments made was greater than the original PO amount.
- *Possible Questionable Payments – Invoices Paid in Excess of Purchase Order* - Identified payments against any PO where the total of payments made was greater than the original PO amount and the brief description contains the word “supplies.”
- *Vendor Payments Analysis – Number of Disbursements* - Provided summary information related to number of checks per vendor for the period 2004–2005 through 2005–2006.

The tables presented on the following pages provide the results of these queries and include discussion of the follow-up procedures, the related results and any recommendations, as appropriate. It should be noted that 100% of payments made to vendors for the period July 1, 2004 through June 30, 2006 were considered in this analysis. The table presents the outliers or anomalies resulting from that analysis. In many instances, additional follow-up is recommended to further understand the anomalies and review of additional transactions.

Historical Expenditure Analysis – Vendor Disbursements

No.	Analysis Performed	Results of Analysis	Follow-Up Procedures	Results from Follow-up and Recommendation
1	Analyzed the vendor master file and employee master file on various key fields (e.g., name, address, telephone) to identify potential dummy vendors.	<p>We noted 3,089 vendors that matched the employee master file on some level. The breakdown is as follows:</p> <ul style="list-style-type: none"> • 862 vendors matched on address • 299 vendors matched on name • 32 vendors matched on phone number • 1,896 vendors matched on social security number 	<ul style="list-style-type: none"> • Ascertained through interview of the payroll and accounts payable personnel why there was an overlap in vendor and employee information. • Selected a sample of vendors that matched the employee master file on some level. • For each sample item the engagement team, verified that supporting documentation exists that supports the information in the vendor file as well as the personnel file. 	<p>For 15 vendors listed in the vendor master file, we requested purchase orders and supporting documentation for payments. It appears these “vendors” are employees. The Accounts Payable system does not track employee reimbursements.</p> <ul style="list-style-type: none"> • Six vendors have not received any payments. Screen prints of the vendor file were reviewed showing that there were not any purchase orders or payments for the vendor. These vendors should be removed as part of the purging of the vendor master file. • One vendor is a garnishee. The District is unable to provide any additional support for the payments to this vendor. The District indicated that the prior head of payroll maintained records related to garnishment reimbursements and no one knows where the records are located. • Three vendors are employees that received tuition reimbursements. Two of these employees are governed by the administrative staff tuition reimbursement policy and one employee is governed by the support staff tuition reimbursement policy. For the administrative staff there is a \$25,000 pool that can be used by all members of the administrative staff in accordance with the terms of the contract. The contract allows for any courses to be taken for less than the rate for two New Jersey State graduate courses if the employee receives a B or better in the course. The highest 2006/2007 rate for a Rutgers University graduate course is \$1,706.10 (\$568.70 * 3). One of the employees received reimbursement for \$3,588.15 during the 2005/2006 school year, which exceeds the amount allowed per the contract by \$175.95. For support staff there is a \$100,000 pool that can be used by all members of the support staff in accordance with the terms of the contract. The contract allows for reimbursement up to \$450 per semester if the employee achieves a C or better in the course. The employee reviewed was in compliance with the terms of the contract. We recommend the District review the language in the contracts for tuition reimbursement to specify that the courses taken will benefit the employee in their position at the District and that a copy of the employee’s transcript be included with the purchase order packet to confirm that the employee received the requisite grades and that the reimbursement is appropriate.

Historical Expenditure Analysis – Vendor Disbursements, continued

No.	Analysis Performed	Results of Analysis	Follow-Up Procedures	Results from Follow-up and Recommendation
				<ul style="list-style-type: none"> Four vendors are employees that received expense reimbursements. There are receipts supporting all of the expenses reimbursed, though the expense reimbursement request forms do not have the required approval signatures. We recommend that prior to expense reimbursements being issued, approval signatures should be obtained on the request form by the employee's supervisor and the excerpt indicating Board approval should be included in the packet. One vendor is the parent of a child attending private school. The payments received by this vendor are for transportation aid for a private school student. The proper request form and approval was completed. <p>See <i>Tracking of Employees in the internal controls assessment piece of the Accounts Payable process.</i></p>
2	<p>Analyzed all checks paid within '04-'05 and '05-'06 to identify payment or approval dates that are weekends or holidays.</p>	<p>We noted 126 check dates that were for weekends, holidays, or the last day of school. The breakdown is as follows:</p> <ul style="list-style-type: none"> 105 payments were made on weekends 18 payments were made on the last day of school 3 payments were made on holidays 	<ul style="list-style-type: none"> Ascertained through interview of personnel reasons for disbursements on weekends, holidays, or last day of school. Selected a sample of checks issued on weekends or holidays and requested supporting documentation. 	<p>We selected 15 checks that were issued on weekends, holidays, or the last day of school for review. Based on our interviews, we understand that a check run is completed on the last day of school for 10 month employees. As a result, agency checks are paid on this day for garnishments.</p> <p>We reviewed screen shots for 12 of the checks that were identified in our interviews as payroll related. Based on our interviews, we noted:</p> <ul style="list-style-type: none"> In order for payroll to be posted to the general ledger each pay cycle, a check number must be created. The accounting department uses the following six digit sequence to identify the pay cycle: <ul style="list-style-type: none"> The first two digits identify the year, The middle two digits identify the month, and The last two digits identify the pay cycle. <p>For example, check number 060730 would be for the posting of the July 30, 2006 payroll. There is no physical check for payroll posting. We noted some inconsistencies in the numbering pattern for the checks and recommend that the District improve monitoring of check numbers for posting payroll.</p> <ul style="list-style-type: none"> We reviewed one check that was issued on the last day of school to a student for a scholarship in the amount of \$500. No supporting documentation was provided by the District. The comptroller indicated that this is a common occurrence. We reviewed a screen shot for one check that was made out to the District's old bank, Citistreet. The check was for payroll garnishments, but was void. Supporting documentation indicating that the check was void was provided. <p>Documentation for one check that was requested was not provided.</p>

Historical Expenditure Analysis – Vendor Disbursements, continued

No.	Analysis Performed	Results of Analysis	Follow-Up Procedures	Results from Follow-up and Recommendation
3	Analyzed the payment data for all checks paid within '04-'05 and '05-'06 to identify instances where there is a gap in check numbers.	<ul style="list-style-type: none"> We noted 228 instances where there is a gap in check numbers. 	<p>Selected a sample of checks which include check gaps.</p> <p>For each sample item we traced and agreed the number of the check to the voided check.</p>	<p>We requested supporting documentation for 10 checks, representing either the beginning or end of a gap in check numbers, an explanation for why check gaps may occur, and requested confirmation that checks within the gaps were voided when applicable. We noted:</p> <ul style="list-style-type: none"> All check numbers from 000001 through 000999 are for internal use only. These numbers are used for transferring funds from one account to another. A record is kept of all check numbers that are used, but there is not strict monitoring to insure that the check numbers used are in sequence. There is no physical check for checks in this range. Each pay cycle in order for payroll to be posted to the general ledger, a check number must be created. The accounting department uses the following six digit sequence to identify the pay cycle: <ul style="list-style-type: none"> The first two digits identify the year, The middle two digits identify the month, and The last two digits identify the pay cycle. For example, check number 060730 would be for the posting of the July 30, 2006 payroll. There is no physical check for payroll posting. All six-digit check numbers beginning with "100" are checks used for the general fund, "700" are checks used for food services, and "800" are checks used for student activities. The sequence of checks carries over from one year to the next. <p>We reviewed screen shots of the check runs for each account dating back to the 2003 – 2004 school year to confirm that there was no gap between the end that year and the beginning for the 2004 – 2005 year for each account. All of the check gaps we selected for review were covered by the sequence explanations. We did not identify any check numbers that should have been voided.</p> <p>We recommend that the District revise the check number format for internal transactions so that physical checks can be easily separated and identified.</p>

Historical Expenditure Analysis – Vendor Disbursements, continued

No.	Analysis Performed	Results of Analysis	Follow-Up Procedures	Results from Follow-up and Recommendation																																																							
4	Reviewed data to identify possible questionable payments (e.g., round dollar payments).	<p>We noted 494 potentially questionable payments made to 309 unique vendors ranging from \$100 to \$2,300,000. The breakdown is as follows:</p> <ul style="list-style-type: none"> 415 payments for less than \$10,000 made to 270 unique vendors 56 payments for more than \$10,000 and less than \$100,000 made to 39 unique vendors 12 payments for more than \$100,000 made to 12 unique vendors 	<ul style="list-style-type: none"> Ascertained through interview of the purchasing and accounts payable personnel why certain payments would be made in round dollar amounts. Selected a sample from the listing of payments that were made in round dollar amounts. For each sample item the engagement team traced and agreed the disbursement to supporting documentation (e.g., contract, vendor invoice, purchase requisition, purchase order, etc) to assess if the disbursement was properly approved and processed 	<p>We requested supporting documentation for 10 purchases listed below.</p> <table border="1" data-bbox="1312 462 1984 665"> <thead> <tr> <th>Check Number</th> <th>Check Date</th> <th>Check Amount</th> <th>Vendor #</th> <th>Vendor Name</th> </tr> </thead> <tbody> <tr> <td>000274</td> <td>6/30/2005</td> <td>2,300,000.00</td> <td>FOOD</td> <td>CAMDEN BOE FOOD SERVICES FUND</td> </tr> <tr> <td>126087</td> <td>2/8/2006</td> <td>650,000.00</td> <td>K188</td> <td>KAPLAN K12 LEARNING SERVICES</td> </tr> <tr> <td>129047</td> <td>7/5/2006</td> <td>500,000.00</td> <td>CLL1</td> <td>CATAPULT LEARNING LLC</td> </tr> <tr> <td>115743</td> <td>1/31/2005</td> <td>288,000.00</td> <td>1150</td> <td>PEOPLES PUBLISHING GROUP</td> </tr> <tr> <td>000304</td> <td>9/19/2005</td> <td>200,000.00</td> <td>W999</td> <td>WIRE TRANSFER</td> </tr> <tr> <td>127066</td> <td>3/27/2006</td> <td>200,000.00</td> <td>K188</td> <td>KAPLAN K12 LEARNING SERVICES</td> </tr> <tr> <td>126631</td> <td>2/27/2006</td> <td>2,000.00</td> <td>KMAR</td> <td>SEARS</td> </tr> <tr> <td>117403</td> <td>4/25/2005</td> <td>1,000.00</td> <td>S514</td> <td>SIX FLAGS GREAT ADVENTURES INC</td> </tr> <tr> <td>119021</td> <td>7/25/2005</td> <td>1,000.00</td> <td>T305</td> <td>TOYS R US</td> </tr> <tr> <td>128861</td> <td>6/26/2006</td> <td>1,000.00</td> <td>P111</td> <td>PATHMARK STORES INC</td> </tr> </tbody> </table> <p>Based on our interviews, we noted:</p> <ul style="list-style-type: none"> Check numbers 000274 and 000304 - All check numbers from 000001 through 000999 are for internal use only. There is no physical check for this range. These numbers are used to reference transfer of funds from one account to another. A record is kept of all check numbers used, but there is not strict monitoring to ensure that the check numbers used are in sequence. <ul style="list-style-type: none"> One check was a transfer of funds to food services in accordance with the budgeted amount. One check was a wire transfer of \$100,000 to each high school. The funds are the District's annual athletic contribution. Effective for the 2006/2007 school year the District reduced this amount to \$75,000. Two checks were paid to the same vendor. We reviewed the Board resolution indicating that costs should not exceed \$1,950,000 for 10th grade core curriculum assessment, 9th and 10th grade benchmark assessments, and on site professional development services. There were supporting POs for these payments and the payments totaled less than the Board approved \$1,950,000. Additional POs tied to the \$1,950,000 agreement were provided. The agreement called for payments to be made on a periodic basis in pre-set increments. One check was for a claim settlement. The Board approved the \$500,000 settlement in June 2006. We reviewed a letter to the vendor from the District attorney's indicating the understanding that by paying the amount the District was in complete satisfaction of any and all claims. 	Check Number	Check Date	Check Amount	Vendor #	Vendor Name	000274	6/30/2005	2,300,000.00	FOOD	CAMDEN BOE FOOD SERVICES FUND	126087	2/8/2006	650,000.00	K188	KAPLAN K12 LEARNING SERVICES	129047	7/5/2006	500,000.00	CLL1	CATAPULT LEARNING LLC	115743	1/31/2005	288,000.00	1150	PEOPLES PUBLISHING GROUP	000304	9/19/2005	200,000.00	W999	WIRE TRANSFER	127066	3/27/2006	200,000.00	K188	KAPLAN K12 LEARNING SERVICES	126631	2/27/2006	2,000.00	KMAR	SEARS	117403	4/25/2005	1,000.00	S514	SIX FLAGS GREAT ADVENTURES INC	119021	7/25/2005	1,000.00	T305	TOYS R US	128861	6/26/2006	1,000.00	P111	PATHMARK STORES INC
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Historical Expenditure Analysis – Vendor Disbursements, continued

No.	Analysis Performed	Results of Analysis	Follow-Up Procedures	Results from Follow-up and Recommendation
				<ul style="list-style-type: none"> • One check was for the purchase of gift certificates to Sears for a stay in school incentive. Ten \$50 gift certificates and fifteen \$100 gift certificates were purchased by the Community Outreach Specialist. The District has no documentation confirming that the gift certificates were distributed as proposed. The check was not cut from the District until 2/27/06, but the Sears receipt indicates they were purchased on 12/1/05. • One check was for bicycles and other items from Toys 'R Us. The purchase order indicated that the purchase was for 10 bicycles and 10 helmets not to exceed \$1,000 as incentives for student achievement on the GEPA test. There is a hand-written change to the purchase order indicating that the amount of \$1,997.29 should be paid. A receipt from Toys 'R Us is attached and shows that 19 bicycles and 18 helmets were purchased as well as various other games. • One check was for the purchase of gift certificates to a grocery store for parent incentives at various schools. Forty \$25 gift certificates were purchased by Community Outreach Specialist. A letter was sent by the Acting Business Administrator to a representative in the Accounts Receivable department at the grocery store authorizing the purchase. The receipt shows that the purchase was for twenty \$50 gift certificates. The District has no documentation confirming that the gift certificates were distributed as proposed. <p>We recommend that the District confirm that funds are being used for an academic purpose prior to remitting payments. In instances where gift certificates are being purchased, the purchaser should be held personally liable until documentation indicating who received the gift certificates is provided. The District should consider alternate, cost effective methods of incentives for students to perform well and parents to get involved in their children's academic lives.</p> <p>Documentation for two checks related to the 2004/2005 school year was not provided.</p>

Historical Expenditure Analysis – Vendor Disbursements, continued

No.	Analysis Performed	Results of Analysis	Follow-Up Procedures	Results from Follow-up and Recommendation
5	Reviewed data to determine if any vendors are paid at addresses listed as P.O. Box, commercial mail receiving agency, etc.	We noted 79 vendors that receive payment at known mail-drop locations.	<ul style="list-style-type: none"> • Selected a sample of vendors who receive payment at mail-drop locations. • Traced and agreed a disbursement to supporting documentation (e.g., contract, vendor invoice, etc). 	<p>We selected five vendors from the District's vendor master file whose mailing address appears to be a known mail-drop location. These vendors included:</p> <ul style="list-style-type: none"> • Geo Fitness Inc. (Orlando, FL) • Mays Crystal (Maple Shade, NJ) • Queblo (Mankato, MN) • SPA Associates (Dublin, OH) • World Book Financial (Columbus, OH) <p>Upon further review, only one of the vendors received a disbursement. The original PO for this vendor was dated May 15, 2005. Check number 119867 was issued on 9/26/05 for \$2,840.24. In March, 2006 the District was informed that the check was never received and a stop payment was ordered. The check was voided on 3/14/06 and a new check was issued. The new check number was 127024, issued on 3/27/06 for \$2,480.24. We reviewed the PO information recorded in SMARTS to reveal that the purchase was for exercise videos and mats for the Grim School.</p> <p>Additional analysis should be performed to rule out improper vendors.</p>
6	Analyzed payment data to identify payments made to vendors not in the vendor master file	No exceptions noted.	Not Applicable	Not Applicable

Historical Expenditure Analysis – Vendor Disbursements, continued

No.	Analysis Performed	Results of Analysis	Follow-Up Procedures	Results from Follow-up and Recommendation
7	Analyzed purchase orders where the payment amount exceeds the original purchase order amount by 5% or greater.	<p>We noted 996 payments totaling \$17,305,195.86 in excess of the original purchase order amount. The breakdown is as follows:</p> <ul style="list-style-type: none"> 366 purchases made where the payment amount exceeded the original purchase order amount by between 5% and 10% totaling \$356,116.89 in excess 327 purchases made where the payment amount exceeded the original purchase order amount by between 10% and 25% totaling \$844,066.19 in excess 303 purchases made where the payment amount exceeded the original purchase order amount by greater than 25% totaling \$16,105,195.86 in excess 	<ul style="list-style-type: none"> Ascertained through interview of the purchasing and accounts payable personnel why certain disbursements would be processed in excess of the PO. Selected a sample from the listing of disbursements that exceeded the PO amount. For each sample item, the engagement team, we traced and agreed the disbursement to supporting documentation (e.g., contract, vendor invoice, purchase requisition, etc.) to assess if the disbursement was properly approved and processed. 	<p>Controls are lacking to prevent disbursements that exceed an approved purchased order amount. Based upon our interviews, we noted that it is common for purchase orders to exclude shipping and handling charges. As a result, accounts payable hand-writes the amount for shipping and handling onto the purchase order in order to remit payment. Accounts payable also hand-writes changes based on back orders, discontinued merchandise, and price adjustments.</p> <p>We selected five purchase orders to review and noted:</p> <ul style="list-style-type: none"> One purchase order contained a hand-written increase to the unit price of \$12 per unit resulting in a total price increase of \$4,800. It also contained a hand-written addition for shipping and handling in the amount of \$2,226.27. There is no signature approval for any of the changes. One purchase order contained no increase on the hard-copy purchase order, but the amount in the system was increased by \$18.81. The purchase order amount was for \$600,000 and referenced the Board approved action from January 31, 2005. Review of the January 31, 2005 Board minutes show a Board recommendation of \$400,000. The purchase order does not include any other documentation regarding approval by the Board to increase the amount from \$400,000 to \$600,000. Vendor invoices were included in the payroll package to support the charges. One purchase order contained no increase on the hard-copy purchase order, but the amount in the system was increased by \$7,770.47. The purchase order amount was \$56,824.68, but payments totaled \$64,595.15. The purchase order was for software licenses, but the excess amount was for software and quantities not identified on the purchase order. One purchase order indicated \$14,400 for four bus routes. Attached as support in the purchase order package is a screen print with "typo on board mins". In Sept. should be for \$60,840" hand-written on it. The amount paid to this vendor for this purchase order is \$65,612. There is no signature approval for the increased pay amount only a tape register that sums all of the invoices covered by this purchase order. One purchase order was in the amount of \$11,563.20 for tuition. The total payment amount tied to this purchase order is \$331,417.06. There is no indication of Board approval for the revision or any revision made to the hard-copy purchase order. The amount was changed in the system only. For all payments made, there appears to be sufficient supporting documentation for the payments made including student attendance sheets. <p><i>See Changes to Purchase Order Amounts in the internal controls assessment piece of the Accounts Payable process.</i></p>

Historical Expenditure Analysis – Vendor Disbursements, continued

No.	Analysis Performed	Results of Analysis	Follow-Up Procedures	Results from Follow-up and Recommendation
8	<p>Analysis of purchase orders where the payment amount exceeds the original purchase order amount by 5% or greater and the brief description contains the word supplies.</p>	<p>We noted 343 payments totaling \$92,482.27 in excess of the original purchase order amount and the brief description contained the word supplies. The breakdown is as follows:</p> <ul style="list-style-type: none"> • 170 purchases noted where the payment amount exceeded the original purchase order amount by between 5% and 10% totaling \$15,946.15 in excess • 140 purchases noted where the payment amount exceeded the original purchase order amount by between 10% and 25% totaling \$30,547.72 in excess • 33 purchases noted where the payment amount exceeded the original purchase order amount by greater than 25% totaling \$45,988.40 in excess 	<ul style="list-style-type: none"> • Ascertained through interview of the purchasing and accounts payable personnel why certain disbursements would be processed in excess of the PO. • Selected a sample from the listing of disbursement which exceeded the PO amount. • For each sample item, the engagement team, traced and agreed the disbursement to supporting documentation (e.g., contract, vendor invoice, purchase requisition, etc.) to assess if the disbursement was properly approved and processed. 	<p>Based upon our interviews, we noted that it is common for purchase orders to exclude shipping and handling charges. As a result, accounts payable hand-writes the amount for shipping and handling onto the purchase order in order to remit payment. Accounts payable also hand-writes changes based on back orders, discontinued merchandise, and price adjustments.</p> <p>We selected five purchase orders to review. Based on our review of the purchase orders, we noted:</p> <ul style="list-style-type: none"> • One purchase order has a hand-written change to the total amount and the word "pay" written next to it. There is no indication why this purchase order amount should be changed and there is no signature authorization of the change. Further review of the invoice reveals that the revised amount was due to freight charges that were not included in the purchase order. • One purchase order has a hand-written change to the purchase order indicating that a charge of \$133.31 be added for shipping and handling. The purchase order total is revised and the word "pay" is written next to it without signature authorization for the change. <p><i>See Changes to Purchase Order Amounts in the internal controls assessment piece of the Accounts Payable process.</i></p> <p>Documentation for three purchases were not provided related to the 2004/2005 school year.</p>

Historical Expenditure Analysis – Vendor Disbursements, continued

No.	Analysis Performed	Results of Analysis	Follow-Up Procedures	Results from Follow-up and Recommendation
9	<p>Analyzed the number of disbursements in the two year period covering '04-'05 and '05'-'06.</p>	<p>We noted that 3,710 vendors received at least one disbursement during the two year period totaling \$971,633,077.57. The breakdown is as follows:</p> <ul style="list-style-type: none"> • 23 vendors received more than 48 checks totaling \$363,105,474.48 • 60 vendors received between 25 and 48 checks totaling \$134,814,634.46 • 3,627 vendors received less than 24 checks totaling \$473,712,968.63 	<ul style="list-style-type: none"> • Ascertained through interview of the purchasing and accounts payable personnel why certain vendors would receive more than 12 payments within a fiscal year. • Selected a sample from the listing of disbursements. <ul style="list-style-type: none"> – For each sample item, the engagement team, traced and agreed the disbursement to supporting documentation (e.g., contract, vendor invoice, purchase requisition, etc.) to assess if the disbursement was properly approved and processed. 	<p>Based upon our interviews, we noted it is uncommon for a vendor to receive more than 12 payments in a fiscal year. The district processes payments once a month; additionally if a vendor has more than one invoice in a given period, the invoices are batched and one check is produced.</p> <p>Although the practice described above appears reasonable, the data extracted from the accounts payable system indicated otherwise. We requested purchase orders and other supporting documentation for the following vendors:</p> <p>Vendor (Number of checks disbursed over two year period)</p> <ul style="list-style-type: none"> • Camden County Sheriff (66) • CHS NJ Family Support Center (60) • Michael Kaplan (42) • OSI Collections Services (41) • Pearson Education (36) <p>We selected five vendors for follow-up and discussed instances where a vendor might receive more than 12 payments in a fiscal year with the comptroller. We noted:</p> <ul style="list-style-type: none"> • Four of the vendors' vendor number began with either a "Z" or an "X". The comptroller explained that any vendor number beginning with a "Z" or an "X" is for a garnishee. Garnishees are paid twice a month when payroll is run, so it would not be unusual for these vendors to receive 24 payments in a fiscal year. A garnishee may receive greater than 24 payments in a fiscal year due to the payment of manual paychecks outside of the normal pay cycle. For these vendors, we reviewed the screen shot for the PO, which indicated zero and no description. The PO is created with no amount because the amount is not determinable, so an open PO is created rather than a PO with a high dollar value. The District should implement tighter controls around disbursements to garnishees and should use a different identification system for garnishees. Open POs should not be used because they present the opportunity for additional payments to be made that are inappropriate. • One of the vendors provided educational supplies. For this vendor, it is very common for there to be many purchase orders and invoices. This occurs because various schools are submitting requisitions for supplies from the same vendor. Each month the system consolidates all of the required payments so that one check is produced. This vendor receives greater than 12 payments in a fiscal year because separate payments are remitted each month for the General Fund Account and the Special Revenue Account. Screen shots for all of the payments made were reviewed to confirm that separate payments were made from the two different accounts.

Review of Additional Purchase Orders

At the direction of the Department, we conducted a “desk review” of a sample of purchase orders charged to particular program, function and object codes. Subgroups were identified as follows:

- Non-Instructional Miscellaneous Purchases - includes program code 000 with object codes 800 through 999.
- Regular Instructional Purchased Professional Educational Services - includes program code 190 with object code 320.
- Non-Instructional Purchased Professional Educational, Technical and Other Services - includes program code 000 with object codes 300 through 599, excluding functions 100, 211, 213, 216, 217, 223, and 270; purchases for student support services for attendance/health related and extraordinary services and transportation are excluded.
- Non-Instructional Supplies and Materials - includes program code 000 with function codes 218, 219, 221, 222, 223, 230, 240, 251, 252, and 290 and object codes 600 through 699; purchases for student support services for attendance/health related and extraordinary services, maintenance and transportation are excluded.
- School Sponsored Athletic Supplies and Materials - includes program code 402 with object code 600.
- Textbooks - includes object code 640.
- Capital Outlay - includes Fund 12.

We extracted data from the District’s accounts payable system to isolate expenditures charged to each of the various subgroups identified above. Based on a subjective review of the item description contained in the system, vendor names, and disbursement amounts, we selected a sample and requested purchase order packages to support the expenditures. The tables on the following pages provide the items selected and the results of our review. All columns presented in the tables, with the exception of the 'comments' column, reflect data exactly as it was pulled from the District's system. The 'comments' column was developed based on review of the purchase order package alone. Follow-up questions were not posed to any District employees nor was additional support requested.

Accounts Payable *(continued)*

Of the 334 transactions selected, 264 appear questionable based on the review of the purchase order packages provided. For the purposes of this report, "Questionable" means that the supporting documentation contained in the purchase order package did not provide sufficient documentation to justify whether the purchase was reasonable or educational in nature. Additional follow-up would be necessary to further understand the purchase (e.g., reason for the purchase, who benefited from the purchase, was it educational and/or essential, were the goods services actually received, is the item available for inspection, etc.). For example, out-of-state travel was identified as questionable, pending related approval documentation from the State Department of Education. Also, in-state travel for non-education related conference is considered questionable. These items, which have been shaded in the tables, total \$13,044,369 paid against purchase orders.

Documentation was not made available for 151 of the transactions selected. As such, these items have also been classified as questionable, as further inquiry would be necessary. District management indicated that the "State" had many of the purchase orders being requested. The District provided a folder containing a number of documents, including subpoenas and letters from various organizations (e.g., the Office of Government Integrity, the Supreme Court and the Division of Criminal Justice), requesting documentation. The documents did not appear to request specific purchase orders or reference particular vendors. The District did not maintain any copies of the documents provided in response to these requests; nor did the District maintain an inventory of the documentation that was forwarded.

It should be noted that any items not shaded appear reasonable on the face of the purchase order; for example, a purchase order for textbooks for Mrs. Smith's eighth grade science class would not be considered questionable. However, the "desk review" does not consider if this was the fourth year in a row that textbooks had been purchased for Mrs. Smith's eighth grade science class.

Accounts Payable (continued)

Review of Purchase Orders – Non-Instructional Miscellaneous Purchases

Object Code	Account Name	PO Number	PO Date	Last Check Date	Vendor Name	Total Paid Against PO	Original PO Amount	Brief Description	Comments (Based on Review of Purchase Orders)
890	MISC EXPENDITURES	500518	2004/08/12	2004/08/31	BORGATA HOTEL	\$ 2,700.00	\$ 2,700.00	;TRAVEL	Documentation Not Provided
890	MISC EXPENDITURES	500796	2004/08/19	2005/02/28	DELIA TRAVEL	\$ 7,819.04	\$ 5,000.00	;TRAVEL	Documentation Not Provided
890	MISC EXPENDITURES	500923	2004/08/24	2005/07/25	WIGGINS FOOD SERVICE	\$ 9,516.25	\$ 5,000.00	CATERING;TONYA BEAMAN, 8TH FLR	Blanket PO for Board Secretary's Office to be used for food at meetings; Dinner, lunch, bottled water, take out containers requested, servers, etc.
890	MISC EXPENDITURES	501287	2004/08/31	2004/11/24	MILWAUKEE HILTON	\$ 1,701.75	\$ 1,485.00	;BUS. ADMIN./BOARD SECRETARY	Documentation Not Provided
800	OTHER OBJECTS	501305	2004/08/31	2004/10/25	PHILADELPHIA ZOO GROUP SALES OFFICE	\$ 545.60	\$ 1,323.00	TRIP;MICHAEL HAILEY	Documentation Not Provided
890	MISC EXPENDITURES	501413	2004/08/31	2004/09/28	HYATT REGENCY SAN ANTONIO	\$ 775.00	\$ 775.00	;BOARD SECRETARY'S OFFICE	Documentation Not Provided
890	MISC EXP BOARD SEC S OFFICE	502698	2004/11/24	2004/12/20	KUNZ WENDY S	\$ 2,228.25	\$ 2,228.25	;REIMBURSEMENT	Documentation Not Provided
890	MISC EXPENDITURES	502863	2004/12/03	2005/01/31	WOODLYNNE FLORAL GARDENS	\$ 105.00	\$ 70.00	;BOARD SEC. OFFICE/TB	Documentation Not Provided
800	OTHER OBJECTS	503175	2004/12/17	2005/01/31	DELIA TRAVEL	\$ 3,371.00	\$ 4,228.00	;D. EDWARDS	Documentation Not Provided
800	OTHER OBJECTS	504649	2005/02/24	2005/03/21	BUSINESS OFFICE	\$ 214.60	\$ 214.60	;MR. CARRUTH	Documentation Not Provided
890	MISC EXPENDITURES	505039	2005/03/11	2005/03/14	CAMDEN CITY MUNICIPAL COURT	\$ 64.00	\$ 64.00	;DON HENLEY	Documentation Not Provided
890	MISC EXP SCHOOL ELECTION	506462	2005/04/29	2005/06/07	CAMDEN COUNTY TREASURER	\$ 976.21	\$ 976.21	;BUSINESS OFFICE	Documentation Not Provided
890	MISC EXP SCHOOL ELECTION	506470	2005/04/29	2005/05/06	BARNES BRENDA M	\$ 92.50	\$ 92.50	;BUSINESS OFFICE	Documentation Not Provided
890	MISC EXPENDITURES	506473	2005/04/29	2005/06/07	K MART	\$ 1,200.00	\$ 1,200.00	;STANLEY WHITE	Documentation Not Provided
890	MISC EXP SCHOOL ELECTION	506492	2005/04/29	2005/05/06	MURPHY MARVA C	\$ 92.50	\$ 92.50	;BUSINESS OFFICE	Documentation Not Provided
890	MISC EXPENDITURES	506780	2005/05/11	2005/06/29	DORAL FORRESTAL	\$ 10,846.68	\$ 7,921.68	;MR. PONTANI	Documentation Not Provided
890	MISC EXPENDITURES	507019	2005/05/24	2005/08/29	PENN FLORIST	\$ 300.00	\$ 300.00	;EDNA DAVIS	Flower arrangements for 13 tables at the Grand Versailles Quality Inn in Maple Shade, NJ; Parent Breakfast
800	EXP STORE HOUSE	507447	2005/06/15	2005/09/26	TAYLOR RENTAL	\$ 301.40	\$ 301.40	;MR. INGRAM	Chairs for graduation; 200 chairs delivered June 22, 2006 to Bonsall School
890	MISC EXPENDITURES	507617	2005/06/24	2005/08/29	AUNT BERTA S KITCHEN	\$ 139.81	\$ 139.81	;BOARD SECRETARY'S OFFICE	Catering services for Wednesday, June 22, 2005 at 6:00pm
890	MISC EXPENDITURES	507747	2005/06/30	2005/07/25	WIGGINS FOOD SERVICE	\$ 5,800.00	\$ 5,800.00	CATERING;MS KNOX,7TH FLOOR	PO for "Catering Event Promoting Child Safety" held on November 30, 2004 at the Tweeter Center for 200 guests; Invoice for dinner and labor.
800	OTHER OBJECTS	600177	2005/07/20	2005/11/28	SEA CREST OCEANFRONT RESORT	\$ 405.90	\$ 811.80	ACCOMMODATIONS;MS. CAMPBELL	Hotel for Mrs. Maxine Campbell and Mr. Abraham Day; 2 nights, 2 rooms for August 3 and 4, 2005 in Falmouth, MA; no business reason indicated.

Accounts Payable (continued)

Review of Purchase Orders – Non-Instructional Miscellaneous Purchases, continued

Object Code	Account Name	PO Number	PO Date	Last Check Date	Vendor Name	Total Paid Against PO	Original PO Amount	Brief Description	Comments (Based on Review of Purchase Orders)
890	MISC EXPENDITURES	600795	2005/08/05	2006/04/24	A LITTLE SLICE OF NEW YORK	\$ 2,748.11	\$ 2,500.00	:BOARD SECRETARY'S OFFICE	Various receipts for hoagies, wings, individual sandwiches, salads totaled \$1,561. Additional invoice for past balances not paid presented and paid for \$699. No reason for food orders indicated on POs. Bottled water was continuously being purchased for \$2 a bottle.
890	MISC EXPENDITURES	600797	2005/08/05	2005/09/14	BORGATA HOTEL	\$ 4,350.00	\$ 4,350.00	:BOARD SECRETARY'S OFFICE	NJSBA 2005 Annual Workshop, October 26-28, 2005
890	MISC EXPENDITURES	601472	2005/08/25	2005/09/26	COMMERCE BANK	\$ 1,100.00	\$ 1,100.00	:BUSINESS OFFICE	Administration Fee - Registrar/Paying Agent; Attn to Corporate Trust Services
890	MISC EXPENDITURES	602354	2005/09/26	2005/09/26	WATSON NYEEMA	\$ 549.00	\$ 549.00	:BOARD SECRETARY'S OFFICE	PO reviewed; meals at CUBE conference were indicated as purpose; no supporting documentation (e.g., receipts, conference attendance or information).
890	MISC EXPENDITURES	602357	2005/09/26	2005/09/26	RENAISSANCE LAS VEGAS HOTEL	\$ 2,079.72	\$ 2,079.72	:BOARD SECRETARY'S OFFICE	Documentation Not Provided
800	OTHER OBJECTS	603407	2005/11/01	2006/05/22	ALL PRO SOUND	\$ 1,233.00	\$ 1,008.00	SUPPLIES;WILLIAMS/TREECE	System 2000 Plus Audio System and 4 MC-40 Musiker Three - 3 way Mic Stand purchased in November 2005 for Pyne Poynt Middle School
800	OTHER OBJECTS	603507	2005/11/04	2006/03/27	POSITIVE PROMOTIONS	\$ 1,117.78	\$ 1,117.00	:PRINCIPAL	Stainless Steel travel mugs (220) for Woodrow Wilson High School
890	MISC EXPENDITURES	603627	2005/11/14	2005/11/28	PONTANI JOSEPH	\$ 450.00	\$ 450.00	:MR.PONTANI-REINBURSEMENT	Reimbursement for School Board Convention Hotel Room (3 nights)
890	MISC EXPENDITURES	604025	2005/12/01	2006/02/27	SEARS	\$ 2,000.00	\$ 2,000.00	:STANLEY WHITE	10 - \$50 gift cards and 15 - \$100 gift cards purchased on 12/1/05; PO indicates Stay in School Incentive and Uniform Incentive
890	MISC EXPENDITURES	606202	2006/03/08	2006/03/23	PALMER HOUSE HILTON	\$ 3,340.83	\$ 3,340.83	:BOARD SECRETARY'S OFFICE	NSBA's Annual Conference; hotel for Annette Knox, Kathryn Blackshear and Sara Davis; Board approval (1/06) noted on the supplemental requisition
890	MISC EXPENDITURES	606426	2006/03/16	2006/05/22	MEMORY FLORIST	\$ 70.90	\$ 70.90	:BOARD SECRETARY'S OFFICE	Floral (1) and Fruit Basket (1) sent to two Board Members; reason not provided
890	MISC EXPENDITURES	606605	2006/03/28	2006/04/07	SOMERSET MARRIOTT HOTEL	\$ 405.84	\$ 405.84	:BOARD SECRETARY'S OFFICE	Documentation Not Provided
800	OTHER OBJECTS	607237	2006/05/11	1899/12/31	ADVENTURE AQUARIUM	\$ 883.51	\$ 876.00	TRIP;LINDSI ARCAINI	Documentation Not Provided
890	MISC EXPENDITURES	607348	2006/05/18	1899/12/31	AURA GRAPHICS	\$ 1,020.00	\$ 1,020.00	:BOARD SECRETARY'S OFFICE	Documentation Not Provided
890	MISC EXPENDITURES	607931	2006/06/28	2006/06/29	N JOHN AMATO ASSO INC	\$ 189.44	\$ 189.44	:DIVISION OF BUSINESS SERVICES	Payment to John Amato, former BA for attendance at NJASBO 44th Annual Conference in AC; invoice included hotel, mileage, parking & tolls.
820	JUDGMENTS AGAINST THE DISTRICT	607951	2006/06/30	2006/07/05	CATAPULT LEARNING LLC	\$ 500,000.00	\$ 500,000.00	:DIVISION OF BUSINESS SERVICES	Documentation Not Provided

Accounts Payable (continued)

Review of Purchase Orders – Non-Instructional Miscellaneous Purchases, continued

Object Code	Account #	PO #	PO Date	Last Check Date	Vendor Name	Total Amount Paid to the PO	Original PO Amount	Brief Description	Comments
321	X110002233210000	410379	6/15/2004	12/20/2004	CAMDEN RIVERSHARKS	\$ 8,400.00	\$ 8,400.00	;bucket lunch - B. Leff	The PO was for 2800 bucket lunches on 6/17/04. We only reviewed the PO, as the supporting documentation was not available. The PO was requested by Bart Leff and the total amount of the PO was \$8,400.
500	X1500022350030020	501572	8/31/2004	1/31/2005	WIGGINS FOOD SERVICE	\$ 1,430.00	\$ 1,430.00	CATERING;DAVIDA COE	Documentation Not Provided
320	X1500022332020007	503718	1/14/2005	1/31/2005	DELIA TRAVEL	\$ 1,121.90	\$ 1,121.90	;P. COOK	The PO was for airfare and hotel arrangements from Philadelphia to Orlando from February 9 - 13 (Wednesday through Sunday) for the America's Choice conference. Per the PO the travel was approved on the January 2005 Board minutes. The PO amount was \$1,121.90. The employee stayed at the Orland World Center Marriott Resort.
320	X1500022332010025	504556	2/16/2005	10/31/2005	NJ STATE AQUARIUM AT CAMDEN	\$ 325.00	\$ 325.00	;EVELYN RUIZ	Documentation Not Provided
320	X1500022332020007	505050	3/14/2005	6/7/2005	AMERICAN READING COMPANY	\$ 7,664.72	\$ 7,802.90	SUPPLIES;MS. HALL	The PO was for school supplies (skills card sets, book database, roll of stickers, etc.). The PO amount was for \$7,802.90. Shipping and handling was \$667.90.
320	X1100022332000063	506231	4/22/2005	7/25/2005	EIRC	\$ 7,500.00	\$ 7,500.00	;SECONDARY CURRI & INST	Documentation Not Provided
320	X1100022332000063	506797	5/12/2005	12/19/2005	THE TRAINING CENTER	\$ 8,000.00	\$ 8,000.00	TRAINING;MS. L.N. WRIGHT	Documentation Not Provided
390	X1100022339000063	507433	6/14/2005	9/26/2005	DORAL FORRESTAL	\$ 12,619.20	\$ 14,352.00	RETREAT;LINNELL WRIGHT,FLOORR	Documentation Not Provided
390	X1100022339000063	507493	6/15/2005	8/29/2005	CLASSROOM CONNECT	\$ 26,000.00	\$ 26,000.00	BOOKS;LINNELL WRIGHT,FLOOR 4	Documentation Not Provided
320	X1500022332030001	507556	6/21/2005	6/27/2005	DELIA TRAVEL	\$ 4,145.22	\$ 4,145.22	;TRAVEL	Documentation Not Provided
390	X1500022339030001	507859	6/30/2005	9/26/2005	INTERVID INC	\$ 846.50	\$ 827.50	NULL	Documentation Not Provided
500	X1500022350030020	600144	7/19/2005	8/29/2005	DAVID TOURS TRAVEL	\$ 5,218.00	\$ 5,218.00	BUS;DAVIDA COE BROCKINGTON	The PO is for the Broadway musical "Hair Spray" on August 10, 2005 for round trip transportation including lunch at Planet Hollywood for 56 students totaling \$5,218. Neither the PO nor the supporting documentation indicated what class or what students participated in the trip.
390	X1500022339030001	601091	8/12/2005	11/28/2005	DELL MARKETING L P	\$ 944.95	\$ 944.95	;D GASKINS	The PO is for 5 dell monochrome laser printer cartridges at \$188.99 each totaling \$944.95 per quote #310-4131. The invoice ties to the PO amount, but there is no supporting documentation for this quote or other quotes received. No indication as to who the printer cartridges were for.

Accounts Payable (continued)

Review of Purchase Orders – Non-Instructional Miscellaneous Purchases, continued

Object Code	Account #	PO #	PO Date	Last Check Date	Vendor Name	Total Amount Paid to the PO	Original PO Amount	Brief Description	Comments
320	X1500022332010025	602206	9/21/2005	2/27/2006	AMERICAN READING COMPANY	\$ 11,956.36	\$ 11,956.36	;MS. EVELYN RUIZ	The PO is for a teacher's conference and the corresponding materials totaling \$11,956.36. The associated payment and invoice were for \$11,089.36. The quantities and unit price on the PO do not reflect what was actually purchased. The unit price on the PO is the total amount and the quantity on the PO is 1 for each item. The invoice shows items not indicated on the PO. The items purchased appear to be materials for one class for marine research. The PO ties to the quote received, but the actual purchase does not.
320	X1100022332000063	603629	11/14/2005	2/27/2006	FOUNDATIONS	\$ 20,000.00	\$ 20,000.00	;MS. L.N. WRIGHT	The PO is for the homework zone for Woodrow Wilson High School in the amount of \$20,000. There is no evidence of Board approval, a proposal, quote, bid or contract. The PO and the invoice reconcile, but there is no indication as to what the homework zone is, what benefit it provides, or how many students would be covered.
580	X1100022358000063	603662	11/14/2005	4/24/2006	J C TOURS	\$ 825.00	\$ 825.00	BUS;LINNELL WRIGHT/FLR 4	The PO is for bus transportation to the Whitney E. Houston Academy in East Orange, NJ for \$825. The PO indicates that it is for the secondary curriculum & instruction department. There is no indication of what the trip was for, who attended the trip or why a bus in the amount of \$825 was necessary.

Accounts Payable (continued)

Review of Purchase Orders – Regular Instructional Purchased Professional Educational Services

Object Code	Account #	Vendor Name	PO #	PO Date	Last Check Date	Total Check Amount	Original PO Amount	Brief Description	Comments
320	X1119010032000020	IRONS EZELL	405913	2/9/2004	1/13/2005	\$ 1,260.00	\$ 1,260.00	SERVICES RENDERED;D. COE	The vendor invoice is for violin lessons for the Creative Arts High School. There was no PO attached to the package. The vendor invoice amount was \$1,620. No indication of who received lessons.
320	X1519010032010023	ROWAN UNIVERSITY	407929	3/25/2004	8/31/2004	\$ 700.00	\$ 700.00	JANICE TAYLOR/PRINCIPAL	There was no PO, vendor invoice or screen print. We only reviewed the supplemental requisition form. The requisition is for a science and math workshop and the total amount of the requisition for \$1,740.
320	X1519010032010023	WINDY CITY PLAYERS	502633	11/23/2004	2/28/2005	\$ 250.00	\$ 250.00	SUPPLIES; JANICE TAYLOR	The PO was for the Windy City Players national touring theatre. The date per the PO was 11/23/04 and the vendor invoice was dated 11/9/04. The PO amount was \$250. No indication of where they performed or for what reason.
320	X1519010032030020	PEARL S ARTS AND CRAFTS	503129	12/16/2004	3/21/2005	\$ 749.52	\$ 752.44	SUPPLIES	The PO was for art supplies (i.e., molding supplies, clay, etc.) for the creative arts high school. The PO amount was manually decreased to \$749.52.
320	X1519010032030020	TAMS WITMARK MUSIC LIBRARY	503134	12/16/2004	1/31/2005	\$ 2,011.50	\$ 2,390.00	SUPPLIES;MS. COE	The PO was for royalty rights for production "Dreamgirls" and orchestration rental for three months. The PO amount was manually increased because the vendor invoice total was greater. The PO amount was \$2011.50.
320	X1519010032030020	IRONS EZELL	503246	1/3/2005	7/25/2005	\$ 8,000.00	\$ 8,000.00	LESSONS;DAVIDA COE, PRINCIPAL	The PO was for violin lessons at a cost of \$45 per hour. The total hours were 27 for a total amount of \$1,215. The amount per the PO is \$720. Attached to the vendor invoice is an attendance sheet of students who received these services for November 2004. The date of the PO is 1/5/05.
320	X1519010032030002	DELIA TRAVEL	503745	1/18/2005	1/31/2005	\$ 1,734.60	\$ 1,734.60	MR. C. GUNNING	The PO was for airfare and hotel arrangements from Philadelphia to Atlanta on 1/30/05 and returning 2/1/05 for the "National high schools that work". The travel was Board approved on the November 2004 meeting for 3 individuals to attend the conference in October 2004. The PO amount was \$1,734. The airfare for each individual was \$203.40 and the hotel rate for one night was \$374.80.
320	X1519010032030020	SOUTHERN REGIONAL ED BOARD	504018	1/25/2005	4/25/2005	\$15,070.00	\$ 15,070.00	NULL	The PO was for on site coaching (\$7,000), school specific staff development (\$3,500), professional development workshops (\$1,000), registration for HSTW staff development conference (\$1,200), SRES materials (\$1,000), and research and development (\$1,370). The PO amount was \$15,070. The PO was for the Creative and Performing Arts high school. No details were provided to support the individual costs (e.g., what workshops, staff development for whom and for how many hours, etc.)
320	X1519010032020005	MOREHOUSE COLLEGE BOOKSTORE	504984	3/9/2005	3/14/2005	\$ 598.00	\$ 598.00	T-SHIRTS;BEN WHITE	The PO was for tee shirts from the Morehouse College Bookstore for the college tour. A total of 52 shirts were purchased @ 11.50 per shirt, for a total of \$598. The purchase was put to the attention of Ben White at the Hatch Middle School. No vendor invoice was attached.

Review of Purchase Orders – Regular Instructional Purchased Professional Educational Services, continued

Object Code	Account #	Vendor Name	PO #	PO Date	Last Check Date	Total Check Amount	Original PO Amount	Brief Description	Comments
320	X1519010032020005	TICKET PHILADELPHIA	505335	3/17/2005	6/27/2005	\$ 520.00	\$ 520.00	TRIP;BEN WHITE	The PO was for tickets to the Kimmel Center at the Perelman Theater for "Urban Tap" on 4/8/05, Friday. The PO amount was \$520 for 48 students and four adults @ 10 per individual. No list of attendees was provided.
320	X1519010032020005	TICKET PHILADELPHIA	505392	3/18/2005	6/27/2005	\$ 520.00	\$ 520.00	TRIP;BEN WHITE	The PO was for tickets to the Kimmel Center at the Perelman Theater on 5/6/05, Friday. The PO amount was \$520 for 48 students and four adults @ 10 per individual. No list of attendees was provided.
320	X1519010032010021	PREMIER AGENDA INC	601293	8/18/2005	11/28/2005	\$ 1,840.00	\$ 1,840.00	;PRINCIPAL	The PO is for 125 grade 2 primary journals, 7 grade 2 teacher editions, 310 grade 3 - 5 premier elementary journals, and 18 grade 3 - 5 teacher editions all at \$4 each totaling \$1,840 for the R C Molina School. The total per the invoice reconciles to the PO, but the quantity is less for the primary and premier journals as is the unit price. The reduction in quantity and unit price is offset by additional costs for the home-school pouch, pages typeset from typed copy, and shared 5 page district handbooks.
320	X1519010032030045	KAPLAN K12 LEARNING SERVICES LLC	601863	7/26/2005	3/27/2006	\$1,300,000.00	\$790,000.00	SERVICES;MR. AMATO	Documentation Not Provided
320	X1519010032030020	EIRC	602694	10/4/2005	5/22/2006	\$ 1,100.00	\$ 5,400.00	WORKSHOP;DR DAVIDA BROCKINGTON	The PO is for 3 professional development workshops throughout September for \$5,400. The associated invoices are for one workshop in September (\$50), two workshops in November (\$350 each), and one workshop in December (\$350).
320	X1519010032030002	DELIA TRAVEL	603360	10/31/2005	11/28/2005	\$ 2,457.00	\$ 2,457.00	;TRAVEL	The PO is for air and hotel arrangements from Philadelphia, PA to Atlanta, GA on 11/9/05 - 11/11/05 for Calvin Gunning (Principal), Faith Hartie (Supervisor Curriculum & Instruction), Marilyn Jamal (Vice Principal), and Marie Sheared (Supervisor of Scheduling) of Woodrow Wilson High School to attend the professional development workshop in support of small learning communities totaling \$2,457. The PO indicates that the State approved the expenditure on 10/26/05 and the "Request for out of state travel" form is included as supporting documentation. The invoice and the PO reconcile.
320	X1519010032010022	PROJECT PLUS TEXTILES	603949	11/29/2005	5/22/2006	\$ 4,375.00	\$ 5,000.00	;MRS. CREAM	Documentation Not Provided
320	X1519010032010013	PROJECT SEED INC	604091	12/2/2005	6/26/2006	\$ 24,000.00	\$ 24,000.00	;MS. LINDA BAILEY	The PO is for 2 project seed math programs for \$12,000 each for the Cramer School. There is no indication of why the project is necessary, what benefit the project provides, what students would be affected by the project or how the cost was determined.
320	X1519010032030020	DAVID TOURS TRAVEL	605226	1/19/2006	5/22/2006	\$ 5,974.00	\$ 5,974.00	BUS;DR DAVIDA BROCKINGTON	PO indicates Creative Arts High School as recipient; trip for 56 individuals to travel to NYC to see <i>The Color Purple on June 14, 2006</i> (\$103 pp; 2 comps); payment made included what should have been a deduction for comps. (56 @ \$103 is \$5768; comps would have reduced by 2; instead added \$206 and paid \$5974); PO indicates Hard Rock Cafe lunch. No list of participants or indication of what class even attended.
320	X1519010032010023	BECKER S SCHOOL SUPPLY	605810	2/7/2006	5/22/2006	\$ 335.90	\$ 354.00	SUPPLIES; MS JANICE TAYLOR	120 white boards purchased at \$2.95 a piece for science fair; invoice supports purchase.

Review of Purchase Orders – Regular Instructional Purchased Professional Educational Services, continued

Object Code	Account #	Vendor Name	PO #	PO Date	Last Check Date	Total Check Amount	Original PO Amount	Brief Description	Comments
320	X1519010032030045	SOMERSET MARRIOTT HOTEL	606169	3/6/2006	5/22/2006	\$ 267.00	\$ 267.00	;B MILLER	PO indicates 18th Annual In-service training conference for parents "Our Parents Our Children" April 27 through April 30, 2006. Hotel reservations for Blois Miller and Naomi Scott; invoice indicates 1 room for 3 nights at \$96.12 per night. No conference information or other approvals noted.
320	X1519010032010023	MINORITY AVIATION EDUCATION ASSOC INC	606340	3/14/2006	5/22/2006	\$ 7,000.00	\$ 7,000.00	;MS. TAYLOR/PRINCIPAL	Interactive science program for students (1 session per month for 5 months); one day of student instruction. Invoice indicates bill to Powell Elementary School. Participants and other detail not provided in the package.
320	X1519010032010014	VAGIAS JIM	606804	4/13/2006	5/22/2006	\$ 1,100.00	\$ 1,100.00	;MS. TINA YULI	Bully Proof Your School magic performances; two 45 minute shows for K-6 at the Davis School auditorium on January 2, 2006. Performance agreement provided as support for PO.

Accounts Payable (continued)

Review of Purchase Orders – Non-Instructional Purchased Professional Educational, Technical and Other Services

Object Code	Account Name	Po #	Po Date	Last Check Date	Vendor Name	Summed Payment Amount	Original Po Amount	Brief Description	Comments
580	TRAVEL	500201	2004/07/29	2005/07/25	KNOX ANNETTE D	\$ 6,954.82	\$ 292.39	REIMBURSEMENT	Documentation Not Provided
590	INS LIABILITY INSURANCE	500767	2004/08/17	2004/08/31	THE GRAHAM COMPANY	\$ 915,443.00	\$ 915,443.00	INSURANCE COVERAGE;	Documentation Not Provided
331	RETAINER FOR LEGAL SERVICES	500963	2004/08/28	2005/07/25	GENOVA BURNS VERNIOA	\$ 227,352.55	\$ 49,246.78	LEGAL FEES	Documentation Not Provided
450	CAPITAL PROJ WAREHOUSE ENV	501366	2004/08/31	2005/06/07	E E J MECHANICAL INC	\$ 123,000.00	\$ 123,000.00	;SMALL BOILER REPL.	Documentation Not Provided
441	RENTAL OF LAND AND BUILDINGS	501595	2004/08/31	2005/07/25	MT CALVERY BAPTIST CHURCH	\$ 160,308.08	\$ 130,783.30	RENT	Documentation Not Provided
420	ADMINISTRATION BUILDINGS	502325	2004/11/08	2005/06/07	IKON OFFICE SOLUTIONS	\$ 194,722.79	\$ 165,294.24	;CONTRACT	Documentation Not Provided
441	RENTAL OF LAND AND BUILDINGS	502597	2004/11/22	2004/11/30	BOYS AND GIRLS CLUB OF CAMDEN COUNTY	\$ 383,290.00	\$ 383,290.00	RENTAL AGREEMENT	Documentation Not Provided
441	RENTAL OF LAND AND BUILDINGS	503186	2004/12/21	2005/07/05	BUY RITE PLAZA	\$ 141,322.35	\$ 141,433.50	;MR. PONTANI	Documentation Not Provided
339	PUB SCHL ACCOUNTANTS	503822	2005/01/19	2005/01/31	BOWMAN COMPANY LLP	\$ 200,000.00	\$ 200,000.00	;BUSINESS OFFICE	Documentation Not Provided
450	CAPITAL PROJ ADMIN BUILDING	503951	2005/01/21	2006/04/24	LEVY CONSTRUCTION CO	\$ 473,966.30	\$ 438,800.00	FIFTH FLOOR RENOVATION	Documentation Not Provided
420	HIGH SCHL BUILDINGS ENVIRON	504160	2005/01/31	2005/02/28	E E J MECHANICAL INC	\$ 196,020.19	\$ 196,020.19	;MR. INGRAM	Documentation Not Provided
340	PURCH TECH SVCS	506915	2005/05/18	2005/07/25	HILTON AT CHERRY HILL	\$ 5,780.50	\$ 5,780.50	TRAINING;LUIS PAGAN,FLR 7	Documentation Not Provided
450	CAPITAL PROJ WAREHOUSE ENV	507671	2005/06/28	2006/02/27	CLARKE CATON HINTZ	\$ 239,934.94	\$ 250,134.69	;MR. INGRAM	Documentation Not Provided
450	CAPITAL PROJ MIDDLE SCH BLDGS	507719	2005/06/30	2005/12/19	ROBERT F HORN INC	\$ 225,000.00	\$ 377,700.00	;T. ROBINSON	Documentation Not Provided
592	LEASE PURCHASE EQUIPMENT	600031	2005/07/14	2005/07/15	CANON USA	\$ 431,515.14	\$ 431,515.14	;BUYOUT	Documentation Not Provided

Accounts Payable (continued)

Review of Purchase Orders – Non-Instructional Purchased Professional Educational, Technical and Other Services, continued

Object Code	Account Name	Po #	Po Date	Last Check Date	Vendor Name	Summed Payment Amount	Original Po Amount	Brief Description	Comments
590	INS LIABILITY INSURANCE	600719	2005/08/03	2006/02/03	U S PREMIUM FINANCE INC	\$1,595,598.90	\$ 841,281.00	INSURANCE PAYMENTS	Seven payments of \$120,183 of insurance coverage. PO is for District insurance (i.e., workers comp, umbrella policy, public official bond, crime, errors and omissions). Attached to the PO is an insurance contract indicating the payment schedule, which matches to the payments made by the District. Also, the contract is signed by, but the signature is not legible. Requested by Mr. Amato. We noted five payments to the vendor totaling \$1,143,852.
592	LEASE PURCHASE EQUIPMENT	600952	2005/08/10	2006/06/26	XEROX CORP INC	\$ 953,055.02	\$ 55,000.00	LEASE CONTRACT; MR. PONTANI	Original PO could not be located. It appears to be an open PO as the payment amount changes based on invoices received by the vendor.
331	RETAINER FOR LEGAL SERVICES	601322	2005/08/19	2006/06/26	BROWN CONNERY LLP	\$ 181,455.08	\$ 19,000.00	;LEGAL FEES	The PO dated 8/19/05 was for legal services for six separate cases. The fees are for the month of July 2005. The PO amount was manually changed from \$19,000 to the amount of \$5,011.09. Payments for six separate cases totaling \$9,395.19, for legal services in August 2005 were paid under the same PO number, 601322. The invoices were dated 9/12/05 and the PO was dated 8/19/05. Another payment of \$6,326.35 was paid under the same PO number and the invoices were dated 10/17/05. Invoices dated 11/11/05, totaling \$5,421.90 were included on the PO. Invoices dated 12/8 and 12/9/05, totaling \$14,337.31 were included on the PO. Invoices dated 1/13/06, totaling \$22,382.91 were included on the PO. Additional invoices dated 1/13/06, totaling \$14,482.17 were included on the PO. Invoices dated 3/17/06, totaling \$14,628.33 were included on the PO. Invoices dated 4/10/06, totaling \$15,166.44 were included on the PO. Invoices dated 5/12/06, totaling \$23,253.60 were included on the PO. Essentially, it is a blanket PO for legal services that appears to not be monitored very closely.
420	ELEMENTARY SCHL BUILDINGS	601812	2005/09/09	2005/12/08	E E J MECHANICAL INC	\$ 800,761.79	\$ 600,000.00	;MR. INGRAM	Payment amount exceeds PO amount. Received five bids and the lowest bidder was awarded the work. The Board Resolution indicated the payment amount not to exceed \$400k.
441	RENTAL OF LAND AND BUILDINGS	603579	2005/11/09	2006/06/26	BOYS AND GIRLS CLUB OF CAMDEN COUNTY	\$ 383,281.00	\$ 383,296.00	;LEASE	Documentation Not Provided (as of 11/27/06)
331	RETAINER FOR LEGAL SERVICES	604088	2005/12/02	2006/05/22	RONAN TUZZIO GIANNONE	\$ 26,201.50	\$ 4,003.70	SERVICES	Documentation Not Provided (as of 11/27/06)
320	PURCH PROF EDUC SVCS	605685	2006/02/02	2006/02/16	HOWARD UNIVERSITY BOOKSTORE	\$ 749.50	\$ 779.48	T-SHIRTS;KATHLEEN AVANT	Documentation Not Provided (as of 11/27/06)
590	INS LIABILITY INSURANCE	607785	2006/06/15	2006/06/16	FIRST INSURANCE FUNDING CORP	\$ 238,951.00	\$ 238,951.00	INSURANCE;MR. PONTANI	Documentation Not Provided (as of 11/27/06)
490	WATER SEWER	607829	2006/06/20	2006/06/21	CITY OF CAMDEN	\$ 160,123.79	\$ 160,123.79	WATER/SEWER	Documentation Not Provided (as of 11/27/06)
520	INS FIRE EXTEND COVERAGE	700072	2006/07/06	2006/07/31	FIRST INSURANCE FUNDING CORP	\$ 406,057.84	\$ 961,428.08	;INSURANCE;MR. PONTANI	Documentation Not Provided (as of 11/27/06)

Review of Purchase Orders – Non-Instructional Purchased Professional Educational, Technical and Other Services, continued

Object Code	Account Number	Vendor Name	PO #	PO Date	Last Check Date	Total Check Amount	Original PO Amount	Brief Description	Comments
420	X1100026242040234	VOLKSWAGEN CREDIT	500082	2004/07/20	2005/06/07	\$5,274.79	\$4,990.70	;LEASE AGREEMENT	The PO was for a 10 month lease agreement for a 2002 Volkswagen. The PO amount was manually changed from \$4,990.70 to \$499.07. The car was for the Superintendent.
420	X1100026242010200	ANCHOR FENCE DIV OF ANCHOR POST PRO	500501	2004/08/11	2004/08/31	\$5,376.00	\$5,376.00	REPAIRS;MR. INGRAM	The PO was for a gate to be replaced at the warehouse. The PO was a revision to PO # 403562. A letter from the vendor indicated the gate could not be repaired and needed to be replaced. The PO amount was \$5,376.
441	X1100026244100058	TWEETER CENTER	500877	2004/08/23	2004/09/28	\$5,500.00	\$5,500.00	;BART LEFF	The PO was for the rental of the Tweeter Center for opening day of school. The PO also included the event security, facility rental, house utility labor, facility cleaning, parking, stage labor, and sound. The PO amount was \$5,500.
420	X1100026242010000	MIKE S TREE SERVICE INC	501294	2004/08/31	2004/10/25	\$1,500.00	\$1,500.00	;MR. INGRAM	The PO was for the removal of two large trees in front of Bonsall school. The PO amount was \$1,500. The vendor invoice supports the description and amount of the PO.
450	X1200040045000032	E E J MECHANICAL INC	501365	2004/08/31	2005/06/07	\$94,000.00	\$94,000.00	;BOILER REPLACEMENT	The PO was for boiler replacement at the administrative building per the May 2004 Board minutes. The PO amount was manually decreased from \$94,000 to \$80,400. Although the vendor invoice supports the PO amount, no other bids or quotes were obtained.
530	X1100023053000000	ASCOM HASLER MAILING SYSTEMS INC	501437	2004/08/31	2005/10/11	\$30,000.00	\$40,000.00	;WIRE FOR POSTAGE	Documentation Not Provided
420	X1100026242030000	CAMDEN FLOORING CO	501441	2004/08/31	2005/03/21	\$2,542.86	\$3,000.00	;MR. INGRAM	The PO was for district wide floor tiles, glue, cove bast, etc. It was noted on the PO that the price should not exceed \$3,000 and the final price was \$2542.86. The purchase was sent to the warehouse and the vendor invoice supports the PO.
420	X1100026242010200	ATLANTIC COAST ALARM INC	501547	2004/08/31	2004/12/20	\$2,159.08	\$2,159.08	;MR. INGRAM	The PO was for district wide service, repair and maintenance of fire alarm systems for all buildings in the District. The PO amount was \$2,159.08. It was indicated on the PO that the payment was for the balance of the June 2004 invoice.
420	X1100026242000034	J C TOURS	502192	2004/10/29	2004/12/20	\$5,241.31	\$5,241.31	;MR. KUCHIN	The PO was for repairs on six buses, the blue van, and the white van. The PO amount was \$5,241.31 and it included three separate invoices from June, July and September 2004. The vendor invoices support the PO.
580	X1100023058000050	CAPITAL HILTON	502304	2004/11/08	2004/11/24	\$3,062.90	\$3,062.90	;SUPERINTENDENT'S OFFICE	The PO was for hotel accommodations for five employees from December 6th - 9th (Tuesday through Friday). Each employee's hotel room was \$612.56, totaling \$3,062.80. The accommodations were due to the partnering to prevent truancy conference in Washington, D.C.

Accounts Payable (continued)

Review of Purchase Orders – Non-Instructional Purchased Professional Educational, Technical and Other Services, continued

Object Code	Account Number	Vendor Name	PO #	PO Date	Last Check Date	Total Paid Amount	Original PO Amount	Brief Description	Comments
420	X1100026242000034	WINNER FORD OF CHERRY HILL	502334	2004/11/09	2005/06/07	\$1,530.52	\$1,500.00	;JOAN CARGILL	The PO was for the technology van to be repainted. The PO amount was manually increased from \$1,500 to \$1,530.52. The PO indicates the paint is chipping on the van.
420	X1100026142031100	E E J MECHANICAL INC	502520	2004/11/19	2004/11/30	\$107,077.52	\$107,077.52	;MR. INGRAM	The PO was for preventive maintenance of the HVAC systems and the EMS in the District for September 13th to October 3rd. The PO amount was for \$107,077.52. There was no vendor invoice attached to the packet, only an internal invoice from the Acting Director of Facilities was attached.
420	X1100026142031600	E E J MECHANICAL INC	503090	2004/12/14	2005/01/31	\$105,435.56	\$105,435.56	;MR. INGRAM	The PO was for preventive maintenance of the HVAC systems and the EMS in the District for July 2nd to August 7th. The PO amount was for \$105,435.56. There was no vendor invoice attached to the packet, only an internal invoice from the Acting Director of Facilities was attached.
441	X1100026244100000	BUY RITE PLAZA	503186	2004/12/21	2005/07/05	\$141,322.35	\$141,433.50	;MR. PONTANI	The PO was for the rental for supply warehouse for the fiscal year 2004. The PO amount was manually decreased to \$76,096.65. The PO was decreased as the PO amount was for seven months of rent.
420	X1100026242030000	ATLANTIC COAST ALARM INC	503618	2005/01/12	2005/02/28	\$10,580.45	\$10,580.45	;MR. INGRAM	The PO was for district wide service, repair and maintenance of fire alarm systems for all buildings in the District. The PO amount was \$10,580.45. All services were performed in the month of November 2004.
592	X1100025159200058	SOUTH JERSEY PERFORMING ARTS CTR	503807	2005/01/19	2005/03/21	\$11,813.00	\$15,000.00	EXPENSES;BART LEFF,5TH FLOOR	The PO was for catering service for 125 guests (\$11,361), rental of the South Jersey performing arts center (\$350), technology staff (\$150), facility clean up (\$250), and event staff security (\$150) for the "State of our Schools" town meeting. The PO amount was manually increased from \$11,660 to \$11,813 to match the vendor invoice total. The PO was put to the attention of Bart Leff. The PO does not indicate the date or individuals who were present at the meeting.
500	X1100029050000000	CAMDEN CO COLLEGE	504252	2005/02/07	2005/02/28	\$45,000.00	\$45,000.00	;BUSINESS OFFICE	The description noted on the PO was services rendered from October 6, 2003 to December 18, 2003 for \$24,000 for 8 courses at \$3,000 per course. The PO also includes services rendered from October 27, 2004 to December 17, 2004 for \$21,000 for 6 courses at \$3,500 per course. The PO amount was \$45,000. It appears the PO was for college courses at Camden College. The PO or vendor invoice does not indicate who the payment was for.
420	X1100026142031100	E E J MECHANICAL INC	504280	2005/02/10	2005/07/25	\$913,797.89	\$668,547.70	;MR. INGRAM	The PO was for district wide preventive maintenance of the HVAC systems and the EMS in the district. The PO amount was manually decreased from \$400,000 to \$89,408.69. In the PO package, there was no vendor invoices only internal invoices from the Acting Director of Facilities. This PO appears to be an open PO as the PO package includes numerous internal invoices and copies of the PO.

Review of Purchase Orders – Non-Instructional Purchased Professional Educational, Technical and Other Services, continued

Object Code	Account Number	Vendor Name	PO #	PO Date	Last Check Date	Total Check Amount	Original PO Amount	Brief Description	Comments
420	X1100026242010100	E E J MECHANICAL INC	504359	2005/02/10	2005/02/28	\$15,410.72	\$15,410.72	;MR. INGRAM	Documentation Not Provided
420	X1100026142031100	E E J MECHANICAL INC	504377	2005/02/11	2005/04/25	\$15,126.88	\$15,126.88	;MR. INGRAM	Documentation Not Provided
441	X1100026244100058	NJ STATE AQUARIUM	504576	2005/02/18	2005/09/26	\$3,812.00	\$3,500.00	;BART LEFF	Documentation Not Provided
330	X1100023033000000	WATSON RICE LLP	506154	2005/04/20	2005/04/25	\$33,000.00	\$160,000.00	;JOSEPH PONTANI	The PO was for professional services rendered in connection with the Payroll forensic review. The PO amount was manually decreased to \$33,000. The vendor invoice indicated the contract amount and the amount due per the invoice. The vendor invoice supports the PO.
320	X1500022132020006	CLEAN FUN COMMUNICATIONS	506214	2005/04/21	2005/06/07	\$1,500.00	\$1,500.00	NULL	The PO was for a motivational speaker at Morgan Village middle school 3/3/05. The PO amount was \$1,500. The vendor submitted their vendor tax ID on the invoice.
441	X1100026244100058	CAMDEN RIVERSHARKS	506785	2005/05/11	2005/08/29	\$2,000.00	\$2,000.00	RENTAL;MR. LEFF	Documentation Not Provided
320	X1100022132000060	SCANTEK ENTERPRISE INFORM SOLUTIONS	506799	2005/05/12	2005/10/31	\$25,999.84	\$13,000.00	SUPPLIES;DR. OGBONNA	Documentation Not Provided
320	X1500022132010014	SIX FLAGS GREAT ADVENTURES INC	506928	2005/05/20	2005/09/26	\$4,037.50	\$4,312.50	TRIP;SHEILA FREEMAN UPSHUR	Documentation Not Provided
420	X1100026242000034	J C TOURS	507043	2005/05/24	2005/07/25	\$4,847.25	\$4,847.25	;MR. KUCHIN	Documentation Not Provided
441	X1100026244100058	RIVERSHARKS STADIUM	507292	2005/06/06	2005/08/29	\$1,501.00	\$1,501.00	;COMMUNICATIONS	Documentation Not Provided
420	X1100026142031100	R M ORNAMENTAL IRON DESING	507498	2005/06/16	2005/09/26	\$2,800.00	\$2,800.00	;MR. INGRAM	Documentation Not Provided
330	X1100025133000055	N JOHN AMATO ASSO INC	507506	2005/06/17	2005/06/29	\$13,500.00	\$15,000.00	;BUSINESS OFFICE	Documentation Not Provided
590	X1100022159000060	SHERATON ATLANTIC CITY	600022	2005/07/07	2005/08/09	\$4,580.00	\$4,580.00	;MR. W. WALTERS	The PO is for 17 (10 @ \$117 & 7 @ \$160 totaling \$2290) hotel rooms for the 3 day/2 night literacy conference in August 2005. Neither the PO nor the supporting documentation indicates who will be attending the conference and why there are two different room types being reserved. There is a hand-written increase for \$280 indicating that there was a need for rollaway beds in each of the \$160 rooms. The cost of the beds was \$20/night. The payment was for \$4,580 which reconciles to the invoice. There is no indication as to why there was a rate change.
420	X1100026242040234	G BOYS THE	600106	2005/07/15	2006/06/26	\$6,718.00	\$4,555.00	;PLANT MAINTENANCE	The PO was not provided. Screen prints and invoices were provided. The first screen print indicates a PO amount of \$4,555. This amount was increased in later screen prints to \$5,750 without any indication as to why. The invoices indicate that the purchases were for plants and other landscaping decor as well as maintenance throughout the year. Most of the plants were identified as graduation plants that were picked up the second week of August 2005.

Review of Purchase Orders – Non-Instructional Purchased Professional Educational, Technical and Other Services, continued

Object Code	Account Number	Vendor Name	PO #	PO Date	Last Check Date	Total Check Amount	Original PO Amount	Brief Description	Comments
441	X1100026244100058	CLARION HOTEL CONFERENCE CENTER	600143	2005/07/19	2005/10/31	\$8,000.00	\$4,000.00	WORKSHOP;MONICA LEWIS,FLR 5	The PO is for the rental of a ballroom and 3 breakout rooms from August 22 through August 26, 2005 for an administrative workshop in Cherry Hill for \$4,000 (\$800/day). Neither the PO nor the supporting documentation indicates who attended the event or why it was necessary. The PO amount reconciles to the invoices.
500	X1500022150030020	DAVID TOURS TRAVEL	600144	2005/07/19	2005/08/29	\$5,218.00	\$5,218.00	BUS;DAVIDA COE BROCKINGTON	The PO is for the Broadway musical "Hair Spray" on August 10, 2005 for round trip transportation including lunch at Planet Hollywood for 56 students totaling \$5,218. Neither the PO nor the supporting documentation indicated what class or what students were attending the musical and why. The invoice from David Tours & Travel reconciles to the PO.
420	X1100026242000058	JAY S TIRE SERVICE	600205	2005/07/21	2006/04/24	\$3,621.50	\$3,000.00	REPAIRS;MR. INGRAM	The PO is for district wide repair and replacement of tires and road services not to exceed \$3,000 during 2005/2006. The supporting documentation includes maintenance and repair request forms, but some of the forms are dated after the invoice indicating that the work was done without an approved request. The total payments were for \$2,536.50. The PO does not indicate what vehicles should be covered.
500	X1100029050000000	PHILADELPHIA INQUIRER	600802	2005/08/05	2006/05/22	\$43,249.20	\$10,000.00	;BUSINESS OFFICE	The PO is for a \$10,000 advertisement. There are no details on the PO indicating what is being advertised. Based on screen prints provided, payments tied to this PO total \$35,475.06. There are invoices supporting the payments.
580	X1100023058000050	KNOX ANNETTE D	601309	2005/08/19	2006/06/26	\$6,318.83	\$6,000.00	REIMBURSEMENT FOR 2005-2006	The PO is for reimbursements for monthly expenses of the superintendent for the 2005/2006 school year in the amount of \$6,000. For two months, there is a reference to a contractual car allowance in the amount of \$700/month. There are reimbursements for gasoline expenditures from gas stations (i.e., Hess and Exxon), but the District is supposed to get all of their gas from the Department of Public works. Payments associated with this PO per the screen prints provided total \$6,954.82.
441	X1100026244100000	MT CALVERY BAPTIST CHURCH	601346	2005/08/22	2006/05/22	\$138,695.73	\$137,322.50	RENTAL FEES;MR. AMATO	Documentation Not Provided
320	X1500022132020005	AMERICAS CHOICE INC	601358	2005/08/22	2006/03/27	\$5,145.00	\$5,103.00	TEXTS;MS. NEWBILL/MS. AVANT	The PO was for 50 English textbooks. The District received a 10% discount on the purchase. The PO amount was manually increased because the shipping and handling price was not accurate. The total PO amount was \$5,145.
530	X1100023053010000	VERIZON WIRELESS	601563	2005/08/29	2006/07/06	\$5,490.53	\$5,000.00	;CONTRACT	Documentation Not Provided
500	X1500024050010030	DELAWARE VALLEY BLACK WOMEN	602111	2005/09/19	2006/04/24	\$1,900.00	\$1,900.00	PROGRAM;MICHAEL HAILEY	The PO is for the Black History Month Program for K-4th grade. The program includes 2 programs at \$475 each and 19 visitations at \$50 each totaling \$1,900. The amount per the invoice ties to the amount on the PO. The invoice is printed on plain paper with no letterhead or official logo/information. No participants or program dates are indicated.
420	X1100026142031100	WINCHESTER ROOFING CORP	602410	2005/09/27	2006/02/27	\$14,627.00	\$14,627.00	;MR. INGRAM	The PO is for repairing the roof on trailers at the Powell School totaling \$14,627. The amount ties to the quoted amount from the vendor, but does not show an indication that other bids/quotes were received or reviewed. The invoice and PO reconcile.

Review of Purchase Orders – Non-Instructional Purchased Professional Educational, Technical and Other Services, continued

Object Code	Account Number	Vendor Name	PO #	PO Date	Last Check Date	Total Check Amount	Original PO Amount	Brief Description	Comments
420	X1100026142031700	LEVY CONSTRUCTION CO	602595	2005/10/03	2005/11/28	\$19,850.00	\$19,850.00	;MR. INGRAM	The PO indicates for the repair of the gym floor at Camden High School per the proposal received on September 14, 2005 at \$19,850. The proposal is not included and no reference to the Board minutes exists or any indication that other proposals were reviewed. The invoice and PO reconcile.
590	X1100023059000000	THE GRAHAM COMPANY	603059	2005/10/18	2005/12/19	\$7,795.00	\$7,795.00	;MR. AMATO	The PO is for flood determination at the administrative building in the amount of \$7,795. There is an attached letter from the Graham Company Vice President of Marketing indicating that a quote was obtained to provide \$500,000 limits for the building and its contents against a flood to cover the District's \$500,000 deductible on its Property Policy. There is no invoice or indication of the length of coverage or the policy limitations.
420	X1100026242030000	CURB APPEAL MAINTENANCE SERVICE LLC	603167	2005/10/24	2005/11/28	\$5,900.00	\$5,900.00	REFERRAL FOR PO 503648	The PO is for the replacement of double doors at the rear of the Administrative building for \$5,900 per the proposal and contractual agreement. The supporting documentation shows one additional proposal for \$9,550. The payment reconciles to the PO and proposal.
580	X1100022158000061	DELIA TRAVEL	603522	2005/11/07	2005/12/19	\$3,713.65	\$4,580.00	;BILINGUAL DEPT	The PO is for round trip transportation and hotel accommodations for Migdalia Soto, Gloria Cruz, Alex Deffavis, Rachel Poller, and Mirta D'Amato to attend the fourth annual celebrate our rising stars summit in Washington DC from November 30 - December 2 totaling \$4,500 at \$271 for each train ride and \$215 for each night of the hotel stay. There is no indication that the state approved the expenditure and no "Request for out of state travel" form is included. The supporting documentation does not indicate who these individuals are or why they should attend the summit. The payment was for \$3,713.65 because Mirta D'Amato could not attend and a partial refund was issued.
331	X1100023033100100	RONAN TUZZIO GIANNONE	604088	2005/12/02	2006/05/22	\$26,201.50	\$4,003.70	SERVICES	Documentation Not Provided
339	X1100023033900000	BAYARD SHEILA R	604522	2005/12/19	2006/06/26	\$1,500.00	\$750.00	SERVICES;MS. J. BRENT	The PO is for services rendered by the treasurer of school monies for July 1, 2005 through December 31, 2005 in the amount of \$750. There is a claimant invoice from the treasurer of school monies for \$750. The services performed are not identified and no contract is identified.
590	X1100022159000060	GRAND VERSAILLES	604812	2006/01/05	2006/05/22	\$2,692.20	\$2,692.20	LUNCHEON;LINNELL WRIGHT,FLR 4	Charges for two luncheons (1/25/06 and 2/22/06) from Schools to Careers Department for 'career minded students'; Dates do not match Board resolution, but invoices support the PO indicating room charge, lunch (\$14.95 per person) and service charges. No indication of attendees.
340	X1100025234000062	DELL MARKETING L P	604838	2006/01/09	2006/05/22	\$222,241.36	\$222,241.36	LICENSES;CLYDE WATERS,RIGGS	Documentation Not Provided
340	X1100025234000062	E PLUS TECHNOLOGY	604935	2006/01/10	1899/12/31	\$29,909.00	\$29,909.00	;C WATERS/TECHNOLOGY	Documentation Not Provided

Review of Purchase Orders – Non-Instructional Purchased Professional Educational, Technical and Other Services, continued

Object Code	Account Number	Vendor Name	PO #	PO Date	Last Check Date	Total Check Amount	Original PO Amount	Brief Description	Comments
500	X1500024050020018	BIG PICTURE COMPANY	605364	2006/01/23	1899/12/31	\$1,000.00	\$1,000.00	;PRINCIPAL	Documentation Not Provided
320	X1500022132020005	AMERISUITES LINTHICUM HEIGHTS MARYLAND	605686	2006/02/02	2006/02/16	\$2,167.20	\$2,167.20	HOTEL;KATHLEEN AVANT	PO indicates hotel stay for one night for the Annual Black College tour; February 23 and 24, 2006/ 50 people plus bus driver; 15 double rooms at \$144.48 per night includes breakfast buffet. Tax included at 12%. No attendee or participant list included in package; no tour information included.
441	X1100026244100000	FERRY AVE UNITED METHODIST CHURCH	605818	2006/02/08	2006/05/22	\$15,400.00	\$15,400.00	RENTAL;MR. SCOTT BODDIE	Rent paid for kindergarden class rooms; \$1,540 per month. PO indicates Board approval granted 8/29/05; invoices indicate rent for 9/05, 10/05, 11/05, 12/05, 1/06, 2/06, 3/06, 4/06, 5/06, and 6/06. Invoice date of 9/1/04 and invoice number 2004-1 appeared on three invoices - potential clerical error. No agreement with the church, description of space or other supporting documentation was attached to the package.
320	X1100022132000060	HISPANIC FAMILY CTR OF SOUTHERN NJ	605878	2006/02/10	2006/06/26	\$25,601.00	\$28,500.00	SERVICES;DEBORAH POLK,FLOOR 4	Handwritten PO indicates salaries (\$19,377) and fringe benefits (\$686) for NJ After 3 Program, After School Program for the period Sept 1, 2005 through April 30, 2006. No additional support to indicate whose salary or what benefits are included; spreadsheet attached that shows budget vs. paid to date. Available balance was amount of PO.
331	X1100023033100100	HILL WALLACK	605969	2006/02/23	2006/02/27	\$9,343.75	\$9,343.75	LEGAL SERVICES;MR. AMATO	Two invoices for \$2,860 and \$6,483.75 for legal services rendered by Princeton law firm addressed to Annette Knox at her home address. Subject: Annette Knox - SCI Investigation. Only invoice for \$6,483.75, which indicates REVISED Invoice was attached to package.
320	X1500022132020005	TICKET PHILADELPHIA	606052	2006/02/24	2006/05/22	\$1,000.00	\$1,000.00	TRIP;BEN WHITE	PO indicates 92 students, 8 adults for grades 6, 7, and 8 to the Kimmel Center in Philadelphia on May 18, 2006 from 10am-12pm; Invoice indicates Hatch Middle School; No description of performance or reason for trip.
339	X1100023033900100	BOWMAN COMPANY LLP	606119	2006/03/01	2006/03/27	\$250,000.00	\$250,000.00	;DIVISION OF BUSINESS SERVICES	PO indicates for professional services rendered in connection with the June 30, 2005 audit and preparation of the Districts CAFR; invoice from Bowman indicates the full amount. No bid documents or contract reference mentioned on PO.
590	X1100023059000000	COOPERSON AUTO BODY	606184	2006/03/07	2006/03/21	\$1,400.00	\$1,400.00	;ATTENDANCE DEPT	PO Indicates \$1,400 repair to 2006 GMC Van; PO dated 3/7/06. Invoice from auto body shop dated 11/18/05 indicates 2005 GMC Savana, "Repaired as agreed". No further support provided.
320	X1500022132020005	COUNTRY HEARTH INN	606188	2006/03/07	2006/03/14	\$1,517.59	\$1,517.59	HOTEL;BENJAMIN WHITE	Hotel reservations for Black College Tour in Atlanta, Georgia on March 28, 2006 17 rooms at \$79 plus 13% tax. Board approval referenced on the PO; however, no participant list or supporting documentation for the tour.

Review of Purchase Orders – Non-Instructional Purchased Professional Educational, Technical and Other Services, continued

Object Code	Account Number	Vendor Name	PO #	PO Date	Last Check Date	Total Check Amount	Original PO Amount	Brief Description	Comments
441	X1100026244100058	ADVENTURE AQUARIUM	606428	2006/03/16	2006/04/06	\$3,812.00	\$3,812.00	RENTAL;BART LEFF,FLR 5	Rental of aquarium for Teacher of the Year program; May 31, 2006 6pm - 11pm. Rental fee (\$3,500) and parking fee (\$312) were indicated on the invoice. Note on invoice read, "Comps - membership and golf fundraiser". No other documentation provided and no indication of number or names of participants.
320	X1500022132030002	SOUTHERN REGIONAL ED BOARD	606720	2006/04/07	1899/12/31	\$65,813.00	\$131,626.00	;MR. CALVIN GUNNING	Documentation Not Provided
420	X1100026142031100	MIKE S TREE SERVICE INC	606846	2006/04/25	1899/12/31	\$4,850.00	\$4,850.00	SERVICE;MR. INGRAM	The PO is for the emergency removal and transport of a very large, mostly dead sweet gum tree and a large white pine tree growing over the A/C units at Woodrow Wilson High School in the amount of \$4,850. There is no evidence of any other quotes/bids. The invoice amount ties to the quote amount and the PO amount.
320	X1500022132020005	B H PHOTO	606886	2006/04/26	1899/12/31	\$3,306.15	\$3,255.00	;PRINCIPAL	Documentation Not Provided
420	X1100026242000034	J C TOURS	607187	2006/05/10	1899/12/31	\$1,893.06	\$1,893.06	;MR. KUCHIN	Documentation Not Provided
330	X1100023033000000	WOLF BLOCK SCHOOR AND SOLIS COHEN LLP	607227	2006/05/11	2006/06/26	\$36,284.51	\$10,419.07	;DIVISION OF BUSINESS SERVICES	The PO is for the solicitorship services rendered in the amount of \$10,319.07. Based on the screen prints provided, payments were made against the PO in the amount of \$21,716.76 without any indication of the PO adjustment. The supporting invoice is broken down by the amount of time taken for various legal assistance at a rate of \$125/hr. The PO is for May 11, 2006 and the services took place throughout March and April, 2006. There is no indication as to what event(s) lead to the use of this legal firm or that there was any sort of bid proposal, quote, or contract.
420	X1100026242000034	J C TOURS	607281	2006/05/15	1899/12/31	\$4,369.92	\$4,369.92	REPAIRS;MR. KUCHIN	Documentation Not Provided
331	X1100023033100100	MURRAY LAW FIRM LLC	607355	2006/05/18	2006/06/06	\$9,820.43	\$9,820.43	LEGAL SERVICES;MR. AMATO	Documentation Not Provided
330	X1100026233000172	GRAYS LORENZO	700085	2006/07/10	1899/12/31	\$2,220.66	\$2,220.66	;SERVICES	Documentation Not Provided
330	X1100026233000172	TYNIESHA STURGIS	700086	2006/07/10	1899/12/31	\$2,220.66	\$2,220.66	;SERVICES	Documentation Not Provided

Review of Purchase Orders – Non-Instructional Supplies and Materials

Object Code	Account Name	PO #	PO Date	Last Check Date	Vendor Name	Check Amount	Original PO Amount	Brief Description	Comments
600	SUPPLIES	500241	2004/08/02	2004/12/20	PREMIER AGENDA INC	\$ 33,580.64	\$ 32,641.69	STUDENT AGENDAS;DR REISS	The PO was for journals for grades k - 1st. They received 73 teacher editions. The PO amount was manually increased to include the shipping and handling. The PO amount was \$33,580.64.
610	SUPPLIES	500879	2004/08/23	2005/07/25	CROWN TROPHY	\$ 11,063.50	\$ 5,500.00	;BART LEFF	Documentation Not Provided
600	SUPPLIES MATERIALS	501474	2004/08/31	2005/01/31	TANNER SCHOOL FURNITURE CORP	\$ 16,938.00	\$ 16,938.00	QUOTE;AL DAVIS,PRINCIPAL	The PO was for roll away lunch tables and stools. Attached to the PO are two quotes and the District went with the lowest price. The PO amount was \$16,938. The PO amount was manually decreased.
600	SUPPLIES MATERIALS	501478	2004/08/31	2005/03/21	APPLE COMPUTER INC	\$ 13,790.95	\$ 13,810.00	SUPPLIES;MR FRAZIER,COORDINATO	The PO is for software and portable iPod speakers (\$149). The total PO amount \$15,580. The standard PO form was not used, rather the supplemental requisition form.
600	SUPPLIES	501647	2004/08/31	2005/08/29	TROOPER FOODS	\$ 37,628.75	\$ 49,933.76	INVOICES;MR ROBINSON/FOOD SVC	The PO is for approximately 144 invoices dating back to 12/11/02 to 6/11/04. In the Description column, it does not detail the purchase made, it only gives the invoice number and the unit price. The total PO amount is \$49,933.76.
600	SUPPLIES MATERIALS	502537	2004/11/19	2005/01/31	APPLE COMPUTER INC	\$ 3,375.00	\$ 3,375.00	SUPPLIES;BEVERLY PIERSON	The PO was for Apple Computer software (i.e., apple memory module, apple protection plan, etc.). The PO amount was \$3,375. The invoice supports the PO; however, no indication as to who the computer was for.
610	SUPPLIES	504661	2005/02/24	2005/09/26	MAX ME CATERERS	\$ 5,925.00	\$ 5,925.00	CATERING SERVICE;BART LEFF	The PO was for catering services for 100 guests at the SJPAC Black Box Theater on 3/2/05 for the long range facility plan/big picture. The price person for food and beverage was \$35, \$840 for rentals, and hourly rates for Chefs, Floor Supervisors, and Servers.
600	SUPPLIES	504849	2005/03/03	2005/04/25	SELECT BUSINESS FORMS	\$ 7,635.00	\$ 7,370.00	;NORMAN GRIMM/C-109	Documentation Not Provided
610	SUPPLIES	600140	2005/07/19	2005/10/31	CLARION HOTEL CONFERENCE CENTER	\$ 39,732.00	\$ 19,107.00	WORKSHOP;MONICA LEWIS,FLR 5	Administrative Workshop in Cherry Hill for 5 days for 110 people. Paid \$10.74 for continental breakfast and \$24.00 for buffet lunch. PO requested by Bart Leff and it does not indicate the individuals who attended the conference.
610	SUPPLIES	600170	2005/07/20	2005/09/26	APPLE COMPUTER INC	\$ 3,256.00	\$ 1,699.00	SUPPLIES; MONICA LEWIS	Documentation Not Provided
600	SUPPLIES AND MATERIALS	600750	2005/08/04	2006/01/30	ROBERTS BROTHERS LLC A65603	\$ 21,961.72	\$ 21,961.72	;PRINCIPAL	PO for school supplies (i.e., student chairs, tables, etc.). No vendor invoice is attached to the PO. Approval signatures are included, but it appears the description was not properly identified.
600	SUPPLIES AND MATERIALS	600757	2005/08/04	2005/11/28	LITERARY WAREHOUSE	\$ 4,809.33	\$ 4,434.60	;PRINCIPAL	PO was for reading, writing, and math books. The PO amount was increased as the freight charges were not included on the original PO.
600	SUPPLIES	601177	2005/08/16	2006/02/27	TEACHER CREATED MATERIALS PUBLISHING	\$ 72,332.15	\$ 56,824.68	SUPPLIES;BRENDA BROWN,RIGGS	Payment amount adjusted in SMARTS and on the PO. Purchase is for software licenses.
600	SUPPLIES MATERIALS	601194	2005/08/17	2006/02/27	PREMIER AGENDA INC	\$ 4,586.36	\$ 4,913.00	;PRINCIPAL	PO is for student books and teacher editions. The PO amount is manually changed (decreased) to match the amount per the invoice.
610	SUPPLIES	601614	2005/08/31	2005/11/28	GARRISON PRINTING COMPANY	\$ 39,058.00	\$ 19,529.00	ANNUAL CALENDAR	Amount per the invoice and PO is \$19,529. The PO was for 26,000 school calendars, for a total cost of \$18,645. Additional costs for corrections and packing were included in the total amount.

Review of Purchase Orders – Non-Instructional Supplies and Materials, continued

Object Code	Account Name	PO #	Last Check Date	Vendor Name	Check Amount	Original PO Amount	Brief Description	Comments
600	SUPPLIES MATERIALS	602327	2005/11/28	NATIONAL BUSINESS FURNITURE INC	\$ 5,997.50	\$ 5,997.50	FURNITURE;MS ANDERSON,PRINCIPA	Purchase was for office supplies (i.e., High Back Chair for \$250). The Purchasing Department did contact vendors to get a price quote.
600	SUPPLIES AND MATERIALS	602467	2006/03/27	DELL MARKETING L P	\$ 21,421.80	\$ 21,421.80	COMPUTERS;DR ELSA SUAREZ	Documentation Not Provided
600	SUPPLIES	602569	2006/03/27	DELL MARKETING L P	\$ 27,835.65	\$ 27,835.65	COMPUTERS;ERIC ZAUM,FLOOR 2	Documentation Not Provided
600	SUPPLIES MATERIALS	603517	2006/02/27	HERTZ FURNITURE SYSTEM CO	\$ 3,351.24	\$ 3,351.24	FURNITURE;TINA ROSE YULI,PRINC	Documentation Not Provided
600	SUPPLIES	603630	2006/03/27	COMPUTER SOLUTIONS	\$ 10,425.00	\$ 10,595.00	;DR. REISS	Documentation Not Provided
600	SUPPLIES	603943	2006/05/22	BRODHEAD GARRETT	\$ 6,888.50	\$ 5,990.00	;KAREN JAMES	The PO is for two HP Design Jet 500 plotter printers in the amount of \$2,995 for the administration building. An additional cost of \$898.50 was written in as an addition for freight bringing the total paid to \$6,888.50. There is also a hand-written change for the account to be charged to. There is no indication that a quote or bid was received or that a contract is in place.
600	SUPPLIES AND MATERIALS	604154	2006/02/27	ROBERTS BROTHERS LLC A65603	\$ 7,608.57	\$ 37,189.64	FURNITURE;TIM JENKINS,PRINCIPA	Documentation Not Provided
600	SUPPLIES	605933	2006/06/26	EROX CORP INC	\$ 40,378.00	\$ 100,378.00	PAPER;CARLTON BRISCOE/WAREHOUS	Documentation Not Provided
600	SUPPLIES	606006	2006/04/24	TIME CLOCK DEPOT	\$ 3,270.07	\$ 5,255.00	SUPPLIES;MS. TATEM	Documentation Not Provided
600	SUPPLIES	606261	1899/12/31	NICKERSON NJ INC	\$ 21,266.80	\$ 21,266.80	WORKSTATIONS;J. MCRAE,ROOMC110	Documentation Not Provided
600	SUPPLIES AND MATERIALS	500037	2005/01/31	HERTZ FURNITURE SYSTEM CO	\$ 5,471.00	\$ 5,471.00	Attn: Principal Gunning	The PO was for furniture (i.e., executive desk, table, and conference chairs, etc.). It was noted on the PO that the pricing is state contract pricing. The PO amount was \$5,471.
600	SUPPLIES	500106	2004/08/31	KELSEY STURDIVANT	\$ 3,292.00	\$ 3,292.00	SUPPLIES; FAITH FISHER	The PO is for 350 Special Olympic tee shirts and 473 speech camp tee shirts. The PO was delivered to the R C Molina School and put to the attention of Faith Fisher. The PO amount was \$3,292.
610	SUPPLIES	500541	2005/04/25	OFFICE BASICS INC	\$ 10,002.61	\$ 10,490.57	SUPPLIES;DONALD B. HENLEY JR	The PO was for electronic supplies. The PO was for CCS-TV at 1600 Pine street and it was put to the attention of Donald B. Henley, Jr. The PO indicated the purchase was NJ State contract A51674. The PO amount was \$838.60.

Review of Purchase Orders – Non-Instructional Supplies and Materials, continued

Object Code	Account Name	PO #	Last Check Date	Vendor Name	Check Amount	Original PO Amount	Brief Description	Comments
600	SUPPLIES AND MATERIALS	500037	2005/01/31	HERTZ FURNITURE SYSTEM CO	\$ 5,471.00	\$ 5,471.00	Attn: Principal Gunning	The PO was for furniture (i.e., executive desk, table, and conference chairs, etc.). It was noted on the PO that the pricing is state contract pricing. The PO amount was \$5,471.
610	SUPPLIES	501021	2004/10/25	PENN FLORIST	\$ 776.78	\$ 800.00	;BART LEFF	The PO was for flowers for a special event. The special event was the opening day and recognition program. The PO indicated the purchase should not exceed \$800. The vendor invoice amount was \$776.78 and the PO amount was not adjusted to the actual purchase price.
600	SUPPLIES BOARD SECRETARY OFFIC	501240	2004/09/28	RADIO SHACK	\$ 674.75	\$ 749.75	SUPPLIES; JOE DELSOLE	The PO was for 25 single telephone lines. The PO amount was manually changed from \$374.76 to \$674.75.
600	SUPPLIES	501290	2004/10/25	OFFICE BASICS INC	\$ 1,581.31	\$ 3,060.53	;GUIDANCE & TESTING	The PO was for school supplies (i.e., white out, diskettes, envelopes, manila file folders, etc.). The purchase was for the Guidance and Testing department of the BOE. The PO amount was manually decreased to \$1,581.31.
600	SUPPLIES	501321	2004/12/20	CAMDEN BOARD OF EDUCATION	\$ 370.00	\$ 370.00	STAMPS;GLADYS REYES, FLOOR 6	The PO was for stamps for the administrative building. The PO total was \$370. We only reviewed the PO as no other supporting documentation was attached.
600	SUPPLIES HB WILSON	501954	2005/02/28	BEAUTIFUL RAGS	\$ 1,694.00	\$ 1,694.00	SUPPLIES;MICHAEL HAILEY	The PO indicated the description of the good was Dermage with a quantity of 20 @84.70 each, totaling \$1,694. The shipment was sent to Wilson high school and put to the attention of the Principal. No other information was available per the PO package.
600	SUPPLIES MATERIALS	502028	2004/12/20	FARKAS CO HERBERT L	\$ 4,044.71	\$ 4,044.71	TABLES;KATHLEEN AVANT	Documentation Not Provided
610	SUPPLIES	502191	2005/01/31	BARNES NOBLE	\$ 2,316.00	\$ 2,316.00	;MS. KNOX/SUPERINTENDENT	The PO was for 80 books, totaling \$2,316. The purchase was for "The Moral Imperative of School Leadership" (quantity of 40) and "Failure is Not an Option, 6 Principals that Guide Student Achievement in High Performance" (quantity of 40).
610	SUPPLIES	502331	2005/02/28	MARKERTEK VIDEO SUPPLY	\$ 16,755.68	\$ 16,755.68	;DONALD B HENLEY	The PO was for supplies (i.e., camera case, hard disk module, batteries, camera light, etc.) for the CCS - TV location. The PO amount was \$16,755.68. The vendor invoice supports the PO amount. No quotes were attached to the PO and no other supporting documentation was available.
610	SUPPLIES	502451	2004/12/20	CARDSDIRECT	\$ 419.00	\$ 419.00	;SUPERINTENDENT'S OFFICE	The PO was for 300 red and gold happy holiday cards totaling \$419. A note from Annette Knox to the BA indicates the PO should be paid. The vendor invoice supports the PO amount, but no other supporting documentation was attached to the PO package.
610	EQUIPMENT	503158	2005/02/28	APPLE COMPUTER INC	\$ 5,231.75	\$ 5,627.75	SUPPLIES;MARLENE COLEMAN,FL 7	The PO was for electronic supplies and a lap top to be delivered to Marlene Coleman. The PO amount was \$5,231.75 and it was manually changed (decreased) as one item was incorrectly priced. The vendor address was manually changed from one P.O. Box number in Texas.
610	SUPPLIES	503158	2005/02/28	APPLE COMPUTER INC	\$ 5,231.75	\$ 5,627.75	SUPPLIES;MARLENE COLEMAN,FL 7	The PO was for a laptop, software, and hardware. The purchase was delivered to Marlene Coleman at the BOE building.

Review of Purchase Orders – Non-Instructional Supplies and Materials, continued

Object Code	Account Name	PO #	Last Check Date	Vendor Name	Check Amount	Original PO Amount	Brief Description	Comments
600	SUPPLIES	503202	2005/02/28	DIMEDIO LUMBER CABINET LLC	\$ 8,218.00	\$ 8,218.00	SUPPLIES;EUGENE SCHULTZ/WWHS	Documentation Not Provided
600	SUPPLIES	503393	2005/02/28	COMTRADE CABLE	\$ 6,273.98	\$ 6,186.50	;CLYDE WATERS	The PO was for electronic hardware for the IT department at the Riggs Center. The PO amount was manually increased from \$6,185.50 to \$6,273.98 to include shipping and handling. The vendor invoice was the only supporting documentation attached to the PO.
600	SUPPLIES	503582	2005/02/16	HOME DEPOT 937	\$ 1,356.32	\$ 1,356.32	SUPPLIES;GRIER,PYNE POYNT	The PO was for supplies from Home Depot and the PO amount was manually increased from \$1,244.80 to \$1,356.32 to match the quote received. Attached to the PO was Home Depot's quote and no other quotes were attached. The supplies were delivered to Pyne Poynt Middle School.
600	SUPPLIES	504012	2005/02/28	DELL MARKETING L P	\$ 9,955.41	\$ 9,955.41	COMPUTER;ERIC ZAUM,2ND FLOOR	The PO was for 4 Dell laser printers, 7 computers, and 7 orders of software. The PO amount was \$9,955.41. It was noted on the PO that the purchase was made with the NJ State contract #A81247. The order was shipped to the supply warehouse; no indication of what schools were to receive the computers.
600	SUPPLIES	504328	2005/03/21	DESIGNER T S	\$ 2,193.00	\$ 2,193.00	;MR. WHITE/J MCCOY-REID	The PO was for 250 sweatshirts for school based youth services leadership institute conference on 2/28/05. The vendor invoice indicated the District ordered 30 XXL, 19 XXXL, and 201 regular sweatshirts. The PO amount was manually increased.
600	SUPPLIES MATERIALS	504336	2005/03/21	ATLAS PEN PENCIL CORP	\$ 457.04	\$ 459.22	SUPPLIES;MR. ADLER	Documentation Not Provided
600	SUPPLIES	504951	2005/07/25	OFFICE BASICS INC	\$ 3,329.84	\$ 3,337.55	;HUMAN RESOURCES/G REYES	Documentation Not Provided
600	SUPPLIES MATERIALS	504982	2005/03/14	EMBASSY SUITES ATLANTA AIRPORT SOUTH	\$ 1,709.69	\$ 1,709.69	LODGING;BEN WHITE	The PO was for lodging overnight at the Atlanta airport for the college tour. A total of 17 rooms at a rate of \$89 plus tax for a total of \$1,709.69
600	SUPPLIES MATERIALS	504985	2005/03/14	THUNDERBIRD INN	\$ 534.50	\$ 534.50	DINNER;BEN WHITE	The PO was for the thunderbird inn dinner for the overnight college tour in South Carolina. The PO indicates 50 people received food @ 10.69 per person for a total of \$534.50. The vendor invoice is hand written and does not indicate the attendees.
600	SUPPLIES	506093	2005/07/25	PC MALL GOV	\$ 18,293.60	\$ 18,303.34	;FRANK CARTER	Documentation Not Provided
610	SUPPLIES	506698	2005/07/25	WIGGINS FOOD SERVICE	\$ 1,280.00	\$ 1,280.00	CATERING;BART LEFF	Documentation Not Provided
600	SUPPLIES MATERIALS	507241	2005/06/06	JOSTENS	\$ 9,829.14	\$ 9,829.14	;DIANE HILL/MAIN OFFICE	Documentation Not Provided
610	SUPPLIES	507297	2005/08/29	RIVERSHARKS STADIUM	\$ 8,640.00	\$ 8,000.00	;COMMUNICATIONS	Documentation Not Provided
610	SUPPLIES	507599	2005/07/25	FOOD SERVICE DIV CBOE	\$ 2,500.00	\$ 2,500.00	;COMMUNICATIONS	Documentation Not Provided
600	AUDIO VISUAL COMMISSION	507629	2005/09/26	CAMDEN COUNTY AUDIO VISUAL AIDS COM	\$ 36,835.18	\$ 36,835.18	;MR. JOSEPH PONTANI	Documentation Not Provided
610	SUPPLIES	600140	2005/10/31	CLARION HOTEL CONFERENCE CENTER	\$ 39,732.00	\$ 19,107.00	WORKSHOP;MONICA LEWIS,FLR 5	Documentation Not Provided
610	SUPPLIES	600157	2005/10/31	SAGE PUBLICATIONS INC	\$ 6,122.04	\$ 3,000.00	SUPPLIES; MR. LUIS PAGAN	The PO is for 20 copies of the encyclopedia of black studies at \$150 each totaling \$3,000. Shipping and handling charges of \$61.02 were added for the payment. Neither the PO nor the supporting documentation indicated what class or what schools would be using the materials.

Review of Purchase Orders – Non-Instructional Supplies and Materials, continued

Object Code	Account Name	PO #	Last Check Date	Vendor Name	Check Amount	Original PO Amount	Brief Description	Comments
610	SUPPLIES	600197	2005/11/28	GRAND HANK PRODUCTIONS INC	\$ 14,400.00	\$ 14,400.00	;DONALD B HENLEY	The PO is for the purchase of and 48 broadcast licenses for "The Science Lab of Grand Hank" at \$300 each totaling \$14,400. The PO references Board resolution #184-SY '04. The invoice indicates that the materials were shipped to the station manager for CCS-TV.
600	SUPPLIES	600344	2005/08/29	OFFICE BASICS INC	\$ 403.46	\$ 693.46	SUPPLIES;MS. EARLINE BELL	Documentation Not Provided
610	SUPPLIES	600654	2006/06/26	PENN FLORIST	\$ 3,341.49	\$ 3,000.00	FLOWERS;BART LEFF,FLOOR 5	The PO is for flowers, corsages, vases and staff arrangements for the 2005/2006 school year not to exceed \$3,000. There are no request forms indicating what events the purchases would be used for. Total payments against this PO were for \$1,915.77.
600	SUPPLIES AND MATERIALS	601248	2005/10/31	SPORTS ILLUSTRATED FOR KIDS	\$ 2,396.00	\$ 1,198.00	SUBSCRIP.;DR. SUAREZ	The PO is for 40 one year subscriptions to Sports Illustrated for Kids at \$29.95 per subscription totaling \$1,198 for 5th and 6th grades. The price for a subscription to Sports Illustrated for Kids on Amazon.com is \$19.95 per year. The invoice supports the purchase.
600	SUPPLIES	601516	2005/10/31	GOPHER SPORT	\$ 5,249.62	\$ 2,624.82	SUPPLIES; WILLIAM WALTERS-3RD	Documentation Not Provided
600	SUPPLIES MATERIALS	601689	2006/02/27	GODFREY FAMILY FLORIST	\$ 4,000.00	\$ 4,000.00	FLORIST;JUANITA WORTHY	Documentation Not Provided
600	SUPPLIES WIGGINS	601690	2006/03/27	GET YOUR SHIRTS	\$ 1,840.90	\$ 1,953.15	SHIRTS;JUANITA WORTHY	The PO is for 210 premium youth jerseys, 200 premium jerseys, and 25 gild an ultra t-shirts all at \$4.49 each. The PO amount is \$1,953.15 and the payment was for \$1,840.90. The payment amount was less because only 180 premium jerseys were received.
600	SUPPLIES MATERIALS	601834	2006/02/27	ISLAND MAGAZINE SERVICE	\$ 1,163.10	\$ 1,163.10	SUBSCRIPTION;JOAN BUTLER	The PO is for various magazine subscriptions (27 in total) totaling \$1,163.10 for the McGraw School. The invoice ties to the PO. There is no documentation indicating the use or need for the purchase. The subscription rates appear higher than the going rate.
600	SUPPLIES MATERIALS	602106	2005/11/28	UNIFORM CITY	\$ 52,070.00	\$ 52,070.00	;MR. THORNTON - UNIFORMS	The PO is for security uniforms at all of the schools throughout the District. Each uniform is priced at \$410. The number required for each school ranges from 1 uniform to 21 uniforms. The high schools require the highest number of uniforms (18 for Woodrow Wilson and 21 for Camden High), though the rest of the schools require less than 10 with most requiring less than 5. The invoice totaled \$52,070. The invoice is vague indicating that the quantity is only 1 and that the unit price is \$52,070 for security uniforms.
600	SUPPLIES	602210	2005/10/31	REALLY GOOD STUFF	\$ 1,074.42	\$ 537.20	SUPPLIES;MR. ZAUM/BALLARD	The PO is for posters, student info packets, and other purchases for the Administrative office. The PO is for \$537.20 and the payment is for \$537.21. The one cent difference was attributable to shipping. The quantities and unit prices reconcile between the invoice and the PO.
600	SUPPLIES MATERIALS	602274	2005/12/19	POSITIVE PROMOTIONS	\$ 2,468.46	\$ 2,284.50	SUPPLIES;KATHLEEN AVANT	The PO is for various promotional items for Hatch Middle School including 50 parents' relaxation gift packs. The PO total is for \$2,284.50 and the associated payment is for \$2,468.46. The PO did not allow for shipping charges, resulting in the increase. The word pay and the amount is written on the PO for the higher amount.
600	SUPPLIES MATERIALS	602276	2005/10/31	TOWNSEND PRESS	\$ 4,500.00	\$ 2,250.00	SUPPLIES;KATHLEEN AVANT	The PO is for 250 copies of 9 different books each costing \$1/book for the Hatch Middle School Library. The invoice and the PO reconcile for quantity and price.
600	SUPPLIES MATERIALS	602302	2006/04/24	KURTZ BROTHERS	\$ 4,271.50	\$ 4,056.65	SUPPLIES;CHARLOTTE EVANS	Documentation Not Provided

Review of Purchase Orders – Non-Instructional Supplies and Materials, continued

Object Code	Account Name	PO #	Last Check Date	Vendor Name	Check Amount	Original PO Amount	Brief Description	Comments
600	SUPPLIES AND MATERIALS	602308	2006/04/24	IT S ELEMENTARY	\$ 5,081.90	\$ 5,067.95	SUPPLIES;DR. SUAREZ	The PO is for 3,000 silicone wristbands in 6 different colors (500 per color). The price is \$1.49 per wristband and \$597.95 for shipping. The PO total is \$5,067.95 and the amount paid is \$5,081.90. The difference is associated with shipping costs of \$611.90. The wristbands were imprinted with "Reads to Achieve", but the use was not indicated. The wristbands were shipped to Lanning Square School.
600	SUPPLIES AND MATERIALS	602371	2005/11/28	CAMDEN BOARD OF EDUCATION	\$ 296.00	\$ 148.00	STAMPS;TIMOTHY JENKINS	The PO is for 400 stamps for the Met school totaling \$148. The Business office buys stamps in large quantities and performs an account transfer when a school makes a request for stamps. No supporting documentation is maintained.
600	SUPPLIES MATERIALS	603539	2006/03/27	RICCARDO S PIZZARIA	\$ 108.00	\$ 108.00	CATERING;MALCOLM ADLER	The PO is for pizza parties for the classes that won the Katrina Fund contest. 9 pizzas were purchased at a price of \$12 each. The receipt and the PO match.
600	SUPPLIES AND MATERIALS	603895	2006/05/22	ALBO APPLIANCE ELECTRONICS CTR	\$ 450.00	\$ 450.00	VCR/DVD;CALVIN GUNNING	The PO is for a 27" Toshiba TV with built in DVD player and VCR for Woodrow Wilson High School in the amount of \$450. The TV was shipped to the school principal with no further indication as to why the purchase was necessary or what it would be used for.
600	SUPPLIES AND MATERIALS	604077	2006/04/24	YOUTH SPORTS PLANET	\$ 1,426.40	\$ 1,426.40	;MRS E RUIZ	The PO is for 22 flying life packages including shells, socks, skirts, briefs, and cheerleading uniforms and shipping for the Sharp School. The PO reconciles to the invoice for price and quantity.
610	SUPPLIES	604133	2006/05/22	DIGITAL JUICE	\$ 2,807.00	\$ 2,986.00	;DONALD HENLEY	The PO is for digital sound toolkits, editor's tools, sounds and other affects for CCS-TV 19 in the amount of \$2,986. The payment was for \$2,807 and ties to the invoice. There is no additional support for the PO explaining the use for the purchase.
600	SUPPLIES	604351	2006/05/22	SCANTRON	\$ 3,054.26	\$ 3,010.00	SUPPLIES; LICENSE PRAC NURSE	The PO is for two types of scantron packages, 20 large and 30 small for \$3,010. There are hand-written changes to the prices for each and shipping is added bring the payment amount up to \$3054.26 which reconciles to the invoice. The purchase is for the Riggs Center.
600	SUPPLIES MATERIALS	604354	1899/12/31	HEWLETT PACKARD CORPORATION	\$ 2,190.00	\$ 2,190.00	;PRINCIPAL	Documentation Not Provided
600	SUPPLIES AND MATERIALS	604613	1899/12/31	HEARLIHY CO	\$ 6,019.88	\$ 6,592.30	SUPPLIES;DR. EDWARDS-ANDREWS	The PO is for 4 aerospace modules, 3 engineering modules, and shipping to South Camden Alternative totaling \$6,592. The payment was for \$6,032.13 because the unit price for the aerospace modules was \$725 and not \$752 and shipping was \$147.13 not \$599.30. There is no additional information supporting the purchase or an indication of how or why the modules would be used.
600	SUPPLIES	604662	2006/06/26	ALBO APPLIANCE ELECTRONICS CTR	\$ 1,129.95	\$ 1,129.95	SUPPLIES; JOAN INGALLS	Dishwasher, washer and dryer for Veterans Memorial Middle School; reviewed PO and invoice; approved by Joe Pontani and John Amato stamp; package does not include business reason or request from school.

Review of Purchase Orders – Non-Instructional Supplies and Materials, continued

Object Code	Account Name	PO #	Last Check Date	Vendor Name	Check Amount	Original PO Amount	Brief Description	Comments
600	EQUIPMENT	604934	2006/05/22	IMPACT TECHNOLOGY SOLUTIONS	\$ 13,375.00	\$ 13,375.00	;MR. PAGAN/ASST. SUPERINTENDENT	Documentation Not Provided
600	SUPPLIES AND MATERIALS	605646	2006/05/22	BUSINESS OFFICE	\$ 394.00	\$ 394.00	;PRINCIPAL	PO for stamps (1,000 \$.39 and 200 \$.20) for the Sharp school
600	SUPPLIES AND MATERIALS	605993	2006/06/26	MEMORY FLORIST	\$ 285.00	\$ 285.00	FLOWERS;MICHAEL MIMMS	PO indicates floral arrangements for Governor's visit to Sumner School February 24, 2006; 5 plants, 2 5 ft palms, 1 basket spray. Invoice supports goods.
600	SUPPLIES	606300	2006/05/22	WIGGINS FOOD SERVICE	\$ 2,232.50	\$ 2,232.50	CATERING;WILLIAM WALTERS,FLR 4	PO indicates food for various meetings (e.g., 50 continental breakfasts and lunch on 10/15/05, 10/22/05 AND 11/19/05). Service fee also included. Focus room training was the only note to provide any indication of what meeting took place. No additional supporting documentation was provided.
600	SUPPLIES	606818	1899/12/31	GOV CONNECTION INC	\$ 13,326.00	\$ 13,326.00	;DR. FRED REISS	Documentation Not Provided
600	SUPPLIES MATERIALS	606999	2006/05/22	FIVE GUYS FAMOUS BURGERS FRIES	\$ 412.50	\$ 412.50	;MS. AVANT/MR. WHITE	The PO is for lunch for 50 people at \$8.25 per person for students and staff from the Hatch Middle School. The support for this payment is a fax that includes the address and phone number for the vendor, a copy of the menu, and a note that says, "Total meal cost \$8.25 x 50 students = \$412.50." The fax transmittal page and cover sheet were not included and there is no documentation for which students/staff received lunch and/or why they needed to receive lunch from Famous Burgers & Fries in Washington DC.
600	SUPPLIES MATERIALS	607000	2006/05/22	HAMPTON UNIVERSITY COLLEGIATE BOOKSTORE	\$ 985.40	\$ 949.50	SUPPLIES;MS. AVANT/MR. WHITE	The PO is for 50 Hampton University t-shirts at a price of \$18.99 each for the Hatch Middle School. The invoice is for 52 shirts at 18.99. There is no indication as to which amount was paid and why there was a quantity difference identified. There is not support indicating who the shirts were for or why the shirts were purchased.
600	SUPPLIES MATERIALS	607003	2006/05/22	HOWARD UNIVERSITY BOOKSTORE	\$ 748.28	\$ 748.28	SUPPLIES;MS. AVANT/MR. WHITE	The PO is for 50 Howard University t-shirts at a price of \$17.99 per shirt less a 20% discount resulting in a \$14.39 per shirt cost and a \$719.60 total cost. There is an email from Artemis Koger indicating that the price at \$14.39 equals \$748.28 which is the total on the receipt. The receipt is not for 50 Howard University t-shirts though. There were shirts purchased, but at various prices. There were also numerous additional purchases including many individual size soft drinks. There is no supporting documentation indicating why the shirts should have been purchased or who they were purchased for and there is no approval for or mention of soft drink purchases.
600	SUPPLIES MATERIALS	607011	2006/05/22	COUNTRY INN SUITES	\$ 1,893.29	\$ 1,893.29	;MS. AVANT/MR. WHITE	Documentation Not Provided
600	SUPPLIES MATLS	607424	1899/12/31	XANTE INC	\$ 3,118.00	\$ 3,409.00	;PRINCIPAL	Documentation Not Provided
600	SUPPLIES HB WILSON	607471	1899/12/31	DELAWARE VALLEY OFFICE EQUIPMENT	\$ 299.00	\$ 299.00	;FAX MACHINE	Documentation Not Provided
600	SUPPLIES MATERIALS	607774	1899/12/31	TOYS R US	\$ 1,099.29	\$ 1,099.29	Refer to P.O. #504558	Documentation Not Provided

Review of Purchase Orders – School Sponsored Athletic Supplies and Materials

Account #	Account Name	PO #	PO Date	Last Check Date	Vendor Name	Check Amount	Original PO Amount	Brief Description	Comments
X1540210060020009	SUPPLIES	603823	2005/11/21	2006/06/26	DELL MARKETING L P	\$ 12,629.58	\$ 16,176.95	COMPUTER;DR MARY ANDREWS	Documentation Not Provided
X1540210060010012	SUPPLIES MATERIALS	602057	2005/09/15	2005/11/28	PC MALL GOV	\$ 6,580.82	\$ 10,188.00	SUPPLIES;SCOTT/PATRICK	Payment amount was manually increased due to shipping and handling. Purchase was for Mac computers and RAM.
X1540210060020005	SUPPLIES MATLS	606423	2006/03/16	1899/12/31	COSTUME GALLERY	\$ 3,812.07	\$ 3,862.07	SUPPLIES; KATHLEEN AVANT	Documentation Not Provided
X1540210060020005	SUPPLIES MATLS	602275	2005/09/22	2005/11/28	LAMA ASSOCIATES	\$ 3,510.72	\$ 3,510.72	SUPPLIES;KATHLEEN AVANT	The PO was for school uniforms for Hatch Middle School. It was noted on the PO to deliver to Kathleen Avant, who is the school Principal.
X1540210060010012	SUPPLIES MATERIALS	602056	2005/09/15	2006/02/27	BCS	\$ 1,287.65	\$ 3,522.95	SUPPLIES;SCOTT/PATRICK	PO amount was manually increased due to shipping charges. The PO was for a LaserJet printer, ink, flash drives, and other technology supplies.
X1540210060020009	SUPPLIES	602326	2005/09/23	2005/10/31	OFFICE BASICS INC	\$ 3,147.46	\$ 2,163.69	NULL	The PO amount was manually decreased as five of the six line item amounts were changed. The purchase was for printer supplies (i.e., ink, printer), and the vendor awarded the District a discount.
X1540210060020005	SUPPLIES MATLS	602272	2005/09/22	2005/11/28	ALBO APPLIANCE ELECTRONICS CTR	\$ 3,085.00	\$ 3,380.00	APPLIANCES;KATHLEEN AVANT	PO amount was manually decreased due to incorrect item amounts. Purchases were made for Home economics for Hatch Middle School. Major appliances were purchased.
X1540210060010012	SUPPLIES MATERIALS	602059	2005/09/15	2005/10/31	SAX ARTS CRAFTS	\$ 2,451.44	\$ 1,325.67	SUPPLIES;SCOTT/WALLE NBURG	PO amount was manually decreased due to incorrect total amounts. Purchases for crafts/arts supplies.
X1540210060010019	SUPPLIES	507273	2005/06/03	2005/07/25	CLASSROOM DIRECT	\$ 1,737.13	\$ 1,873.23	;MRS DESOUSA	The PO was for school supplies (i.e., crayons, pastels, glue, fraction chart, etc.) and for one DVD player and four overhead projectors. The PO amount was manually decreased. The PO amount was for \$1,737.13.
X1540210060020009	SUPPLIES	602378	2005/09/27	2005/10/31	OFFICE BASICS INC	\$ 1,322.56	\$ 1,140.42	;PRINCIPAL	Documentation Not Provided
X1540210060010030	SUPPLIES	603974	2005/11/29	2006/02/27	OFFICE BASICS INC	\$ 545.95	\$ 1,086.97	SUPPLIES;MICHAEL HAILEY	Documentation Not Provided
X1540210060010043	SUPPLIES MATLS	506024	2005/04/15	2005/07/25	D A R E MERCHANDISE	\$ 992.79	\$ 1,563.10	SUPPLIES	The PO is for D.A.R.E program graduation certificates, water bottles, bumper stickers, bags, and shirts. The amount was manually decreased. No screen prints, only the PO and vendor invoice. The PO amount was for \$992.79.
X1540210060020009	SUPPLIES	603822	2005/11/21	2006/06/26	DELL MARKETING	\$ 991.00	\$ 991.00	PRINTER;DR MARY ANDREWS	Documentation Not Provided

Review of Purchase Orders – School Sponsored Athletic Supplies and Materials, continued

Account #	Account Name	PO #	PO Date	Last Check Date	Vendor Name	Check Amount	Original PO Amount	Brief Description	Comments
X1540210060010019	SUPPLIES	507271	2005/06/03	2005/07/25	CLASSROOM DIRECT	\$ 576.27	\$ 548.85	;MS L HILL	Documentation Not Provided
X1540210060010019	SUPPLIES	502222	2004/11/01	2004/12/20	AFRICAN AMERICAN PUBLICATIONS	\$ 523.00	\$ 523.00	NULL	Documentation Not Provided
X1540210060010019	SUPPLIES	505984	2005/04/15	2005/06/27	US GAMES	\$ 494.34	\$ 494.34	;MRS DESOUSA	Documentation Not Provided
X1540210060020009	SUPPLIES	602820	2005/10/06	2006/01/30	OFFICE BASICS INC	\$ 406.00	\$ 406.00	;PRINCIPAL	Documentation Not Provided
X1540210060010019	SUPPLIES	600344	2005/07/25	NULL	OFFICE BASICS INC	\$ -	\$ 693.46	SUPPLIES;MS. EARLINE BELL	Documentation Not Provided
X1540210060010019	SUPPLIES	502423	2004/11/16	2005/01/31	MOVIE LICENSING USA	\$ 350.00	\$ 350.00	;MRS PEARSON-HUNTER	Documentation Not Provided
X1540210060010019	SUPPLIES	600237	2005/07/21	2005/08/29	MOVIE LICENSING USA	\$ 350.00	\$ 350.00	;MRS. PEARSON-HUNTER	PO indicates payment is for Annual Copyright compliance site license covering legal use of movies from 5/19/05 - 5/18/06 within the school facilities of McGraw School.
X1540210060010012	SUPPLIES MATERIALS	602060	2005/09/15	2005/11/28	CRIZMAC ART CULTURE ED MAT	\$ 323.80	\$ 333.33	SUPPLIES;SCOTT/WALLENBURG	The PO amount was manually decreased as one item was not received (Exploring World Art Textbook). The purchase was for social studies books and materials.
X1540210060020009	SUPPLIES	602392	2005/09/27	2005/11/28	PALOS SPORTS INC	\$ 273.34	\$ 275.96	NULL	Documentation Not Provided
X1540210060010019	SUPPLIES	605107	2006/01/18	1899/12/31	CIRCUS TIME	\$ 160.00	\$ 160.00	SUPPLIES;RAMONA PEARSON HUNTER	Documentation Not Provided
X1540210060010015	SUPPLIES AND MATERIALS	504827	2005/03/02	2005/03/21	U S SCHOOL SUPPLY INC	\$ 111.91	\$ 111.91	;LINDA MOORE	Documentation Not Provided
X1540210060010019	SUPPLIES	507274	2005/06/03	2005/07/25	CLASSROOM DIRECT	\$ 919.68	\$ 917.18	;MRS DESOUSA	The PO was for school supplies (i.e., crayons, headphones, etc.). The PO amount was manually increased to including shipping and handling. The PO amount was for \$919.68.

Review of Purchase Orders – Textbooks

Account #	Account Name	PO #	PO Date	Last Check Date	Vendor Name	Check Amount	Original PO Amount	Brief Description	Comments
X1119010064000000	TEXTBOOKS	601417	2005/08/22	2006/05/22	HARCOURT BRACE CO	\$ 138,463.80	\$ 69,885.29	K & 1 READING;PRINCIPAL	Documentation Not Provided
X1119010064000000	TEXTBOOKS	601413	2005/08/22	2006/05/22	HARCOURT BRACE CO	\$ 95,298.26	\$ 48,021.69	K & 1 READING;PRINCIPAL	No PO was attached to the screen print and the vendor invoice. The vendor invoices indicate three purchases were made for trophies. The total amount of the three purchases was \$1067.78.
X1119010064000000	TEXTBOOKS	601380	2005/08/22	2006/06/26	HARCOURT BRACE CO	\$ 75,761.72	\$ 38,058.49	K & 1 READING;PRINCIPAL	Although PO description does not indicated textbooks, support indicates three packages of school books were ordered. PO amount was manually decreased. No contract number was evident in the package.
X1119010064000000	TEXTBOOKS	601864	2005/09/12	2005/09/26	HARCOURT BRACE CO	\$ 72,638.79	\$ -	REFER TO PO 500254	Documentation Not Provided
X1519010064010031	TEXTBOOKS	601868	2005/09/12	2005/09/26	HARCOURT BRACE CO	\$ 51,952.62	\$ 51,952.62	REFER TO PO 500232	Documentation Not Provided
X1519010064030002	TEXTBOOKS	600890	2005/08/09	2005/10/31	HOLT RINEHART WINSTON INC	\$ 51,766.32	\$ 25,096.45	TEXTBOOK; MS. J. BAK	PO for textbooks. Amount was manually changed as the total amount did not include shipping.
X1520410064030002	TEXTBOOKS	604243	2005/12/07	2006/05/08	HOUGHTON MIFFLIN GREAT SOURCE	\$ 22,000.00	\$ 29,070.98	SUPPLIES; CALVIN GUNNING	Documentation Not Provided
X1519010064030002	TEXTBOOKS	600878	2005/08/09	2006/04/24	HOUGHTON MIFFLIN GREAT SOURCE	\$ 10,056.34	\$ 9,544.41	TEXTBOOK; CALVIN GUNNING	The PO is for algebra and geometry books for Woodrow high. The PO amount and Vendor name was manually changed. Two payments were made to the vendor, the first payment of \$9,554.41 was for the books and the second amount of \$511.93 was for the shipping for 167 textbooks.
X1519010064030001	TEXTBOOKS	507950	2005/06/30	2005/07/25	HARCOURT BRACE CO	\$ 16,476.78	\$ 16,476.78	REFER TO PO 411383	Documentation Not Provided
X1519010064030001	TEXTBOOKS	601962	2005/09/13	2005/11/28	AMSCO SCHOOL PUBLICATIONS INC	\$ 12,402.00	\$ 6,435.00	;DIANE HILL/MAIN OFFICE	PO amount was manually changed as the total amount did not include shipping. The purchase was for 300 prep books for high school language and math.
X1519010064030002	TEXTBOOKS	600829	2005/08/08	2006/05/22	HOLT RINEHART WINSTON	\$ 10,733.23	\$ 9,401.00	SUPPLIES; MS. A. GARCIA	Documentation Not Provided
X1519010064020006	TEXTBOOKS	500187	2004/07/28	2004/11/30	SCHOOLWIDE INC	\$ 10,348.30	\$ 9,559.13	TEXTBOOK; MS. T. PERSON	The PO was for textbooks for 6th, 7th, and 8th grades. The PO amount was manually increased to include the shipping and handling. We were provided the PO and a screen print. The PO amount was \$10,348.30. No supporting invoice was provided.
X1519010064020003	TEXTBOOKS	601330	2005/08/19	2006/05/22	AMERICAS CHOICE INC	\$ 9,824.50	\$ 10,025.00	TEXTS;MS. PATTERSON/MS. GUYTON	The PO amount was manually decreased as the District received a discount. The purchase was for class book sets for seven book sets.

Review of Purchase Orders – Textbooks, continued

Account #	Account Name	PO #	PO Date	Last Check Date	Vendor Name	Check Amount	Original PO Amount	Brief Description	Comments
X1519010064030002	TEXTBOOKS	600853	2005/08/08	1899/12/31	ACADEMIC INNOVATIIONS	\$ 4,235.52	\$ 4,235.52	TEXTBOOK; L. PHILLIPS	PO was for 100 hardcover textbooks, 100 workbooks, and 4 teacher edition books for Woodrow High School. The PO amount was increased as the original amount did not include shipping and handling. Shipping amount was \$300.
X1521210064020005	TEXTBOOKS HATCH	602290	2005/09/22	2005/10/31	TRIUMPH LEARNING LLC	\$ 8,090.50	\$ 3,677.50	BOOKS;KATHLEEN AVANT	The PO amount was manually increased to include shipping and handling. The purchase was for English and science books for Hatch Middle School.
X1519010064030002	TEXTBOOKS	602387	2005/09/27	2005/12/19	FOLLETT LIBRARY RESOURCES	\$ 3,585.06	\$ 3,973.70	;PRINCIPAL	Documentation Not Provided
X1519010064030001	TEXTBOOKS	603998	2005/11/30	1899/12/31	MCGRAW HILL COMPANIES	\$ 2,597.52	\$ 2,167.20	;VERMELL GRAVES	Documentation Not Provided
X1519010064030001	TEXTBOOKS	604519	2005/12/19	1899/12/31	BRIGHT APPLE	\$ 2,485.67	\$ 4,235.53	SUPPLIES;MS. GIBBS-SMITH	Documentation Not Provided
X1519010064010012	TEXTBOOKS	605000	2006/01/12	1899/12/31	PEPPER SON INC J W	\$ 2,256.65	\$ 2,384.21	BOOKS;SCOTT/HE RSH	Documentation Not Provided
X1519010064010021	TEXTBOOKS	604112	2005/12/02	2006/05/22	ETA CUISENAIRE	\$ 1,107.00	\$ 1,545.22	;PRINCIPAL	Documentation Not Provided
X1519010064030045	TEXTBOOKS	601488	2005/08/25	2005/09/26	F A DAVIS	\$ 715.64	\$ 759.83	;DR. LEWIS	The PO was for 15 Medical Terminology textbooks totaling \$704.25 and \$11.39 for shipping and handling. The amount per the PO was manually decreased from \$759.83 to \$715.64
X1360110064000082	TEXTBOOKS	504346	2005/02/10	2005/03/21	CAMDEN BOARD OF EDUCATION	\$ 185.00	\$ 185.00	STAMPS;MR. W. WALTERS/L.C.	Documentation Not Provided
X2050110064000094	TEXTBOOKS HOLY NAME	502401	2004/11/15	2005/01/31	SADLIER INC WILLIAM H	\$ 181.17	\$ 181.17	SUPPLIES;PAT MUNYAN	Documentation Not Provided
X1519010064030045	TEXTBOOKS	501781	2004/10/18	2004/11/24	CENTER FOR EDUCATION EMPLOY LAW	\$ 164.25	\$ 164.25	;MR. CARRUTH	The PO was for one American School Law Deskbook for \$164.25. The PO was put to the attention of Mr. Carruth at the Medical Arts High School.

Review of Purchase Orders – Capital Outlay

Account Name	PO #	PO Date	Last Check Date	Vendor Name	Check Amount	Original PO Amount	Brief Description	Comments
CAPITAL PROJ WAREHOUSE ENV	501367	2004/08/31	2005/08/29	AURORA ENVIRONMENTAL INC	\$ 62,963.15	\$ 59,875.00	;TANK REMOVAL	Documentation Not Provided
CAPITAL PROJ ADMIN BUILDING	503951	2005/01/21	2006/04/24	LEVY CONSTRUCTION CO	\$ 473,966.30	\$ 438,800.00	FIFTH FLOOR RENOVATION	The PO was for the fifth floor data center renovations per bid submitted on 11/8/04. The total PO amount was for \$438,800 and the amount paid was \$96,805.
EQUIPMENT	503988	2005/01/21	2005/04/25	WOLFINGTON BODY CO INC	\$ 65,970.00	\$ 65,970.00	;JOE DELSOLE	Documentation Not Provided
EQUIPMENT	506028	2005/04/15	2005/06/27	INTERVID INC	\$ 10,700.00	\$ 10,700.00	EQUIPMENT;PONTANI,8TH FLOOR	Documentation Not Provided
OTHER OBJECTS PROJECT FEES	506602	2005/05/03	2005/06/27	GUENTHER HEE ASSOCIATES	\$ 5,407.50	\$ 5,407.50	;MR. INGRAM	Documentation Not Provided
CAPITAL PROJ WAREHOUSE ENV	507554	2005/06/21	2005/09/26	AMERICAN ATHLETIC COURTS INC	\$ 10,000.00	\$ 823,000.00	TRACK CONSTRUCTION;MR INGRAM	Documentation Not Provided
CAPITAL PROJ HIGH SCHOOL BLDGS	507554	2005/06/21	2005/12/20	AMERICAN ATHLETIC COURTS INC	\$ 813,000.00	\$ 823,000.00	TRACK CONSTRUCTION;MR INGRAM	The PO was for the Woodrow Wilson High School track. The PO references a bid award date of 6/10/05. An Application and Certificate for Payment is attached to the PO indicating a payment of \$432,250 is due to the vendor.
CAPITAL PROJ WAREHOUSE ENV	507671	2005/06/28	2006/02/27	CLARKE CATON HINTZ	\$ 239,934.94	\$ 250,134.69	;MR. INGRAM	The PO was for professional consulting services with regard to updating the long range facilities plan. The PO amount was manually changed to a lower price. No contract or other supporting documentation provided.
CAPITAL PROJ ELEMENTARY BLDGS	507719	2005/06/30	2005/09/26	ROBERT F HORN INC	\$ 152,700.00	\$ 377,700.00	;T. ROBINSON	Documentation Not Provided
CAPITAL PROJ MIDDLE SCH BLDGS	507719	2005/06/30	2005/12/19	ROBERT F HORN INC	\$ 225,000.00	\$ 377,700.00	;T. ROBINSON	Documentation Not Provided
EQUIPMENT REPLACEMENT VEHICLES	600159	2005/07/20	2005/09/26	WOLFINGTON BODY CO INC	\$ 107,970.00	\$ 107,970.00	;MR. KUCHIN	PO is for two 54 Passenger Diesel school bus, less the trade-in value of two other buses. It was approved by the Board in the May 2005 meeting. The PO does not reference any State contract and does not indicate if any bids were received.
OTHER OBJECTS PROJECT FEES	600798	2005/08/05	2005/10/31	BRUNER FIRM THE	\$ 6,250.00	\$ 5,000.00	;MR. INGRAM	Documentation Not Provided
EQUIPMENT REPLACEMENT VEHICLES	601648	2005/09/01	2005/09/07	CHERRY HILL IMPORTS CORP	\$ 22,619.50	\$ 23,119.50	;SUPERINTENDENT	PO for 2005 Volkswagen Passat; 4 door, leather interior; no business case or approval documentation provided.
OTHER OBJECTS PROJECT FEES	601804	2005/09/08	2005/12/19	CLANCY ASSOCIATES INC	\$ 5,000.00	\$ 5,000.00	;MR. INGRAM	Purchase is for professional services in regard to renovation and restoration of running tracks at both sites. We could not locate any bids or quotes from other vendors.

Review of Purchase Orders – Capital Outlay, continued

Account Name	PO #	PO Date	Last Check Date	Vendor Name	Check Amount	Original PO Amount	Brief Description	Comments
OTHER OBJECTS PROJECT FEES	602929	2005/10/12	2005/10/31	MANYIMO ASSOCIATES PC	\$ 7,800.00	\$ 3,900.00	SERVICES;MR. INGRAM	Documentation Not Provided
CAPITAL PROJ ADMIN BUILDING	603208	2005/10/25	2005/11/28	JOHNSON JONES	\$ 10,260.00	\$ 10,260.00	SERVICES;MR. PONTANI	Documentation Not Provided
EQUIPMENT	603800	2005/11/18	2006/05/22	EPLUS	\$ 9,959.09	\$ 9,959.09	EQUIPMENT;BRANCATO/TECH/RIGGS	Documentation Not Provided
EQUIPMENT	603821	2005/11/21	2006/05/22	INTERVID INC	\$ 5,600.00	\$ 5,600.00	;MR. THORNTON	Documentation Not Provided
CAPITAL PROJ ADMIN BUILDING	604380	2005/12/15	2006/02/27	JOHNSON JONES	\$ 16,109.50	\$ 16,109.50	;MR. PONTANI	Documentation Not Provided
EQUIPMENT	604934	2006/01/10	2006/05/22	IMPACT TECHNOLOGY SOLUTIONS	\$ 9,540.00	\$ 13,375.00	;MR. PAGAN/ASST. SUPERINTENDEN	Documentation Not Provided
EQUIPMENT	605681	2006/02/02	2006/05/22	EZ FX INC	\$ 2,990.00	\$ 2,990.00	;WILLIAM TUCKER/CCS-TV 19	Documentation Not Provided
EQUIPMENT	606736	2006/04/07	1899/12/31	DELAWARE VALLEY OFFICE EQUIPMENT	\$ 2,835.00	\$ 2,835.00	;BART LEFF	Documentation Not Provided
CAPITAL PROJ ADMIN BUILDING	607374	2006/05/22	2006/06/26	LEVY CONSTRUCTION CO	\$ 14,051.90	\$ 14,051.90	;FIFTH FLOOR RENOVATION	Documentation Not Provided



Payroll

Overview and Background

The Payroll department at the District consists of the Acting Payroll Specialist and four Payroll clerks. The Acting Payroll Specialist is also the Data Operational Specialist in Human Resources and only began serving as the Acting Payroll Specialist in August of 2006. The Payroll department prepares check runs, utilizing the SMARTS system, for processing by the Data Processing department. Check runs are completed twice a month, at the middle and end of the month. Approximately 3,500 checks are processed each pay cycle.

As part of our procedures, we developed a high-level understanding of the Payroll process. The following key sub-processes were identified as part of the Payroll department:

- New Hire Process
- Changes to Payroll
- Attendance Process
- Overtime Charges
- Payroll Checks
- Buy-Backs
- Termination Payroll Payments

We performed a walk-through of the appropriate sub-processes of the Payroll process to verify our understanding.

Summary of Observations and Recommendations

On the following pages, we present a summary of observations and recommendations related to the sub-processes listed above. We have titled each observation, provided a discussion of the circumstances surrounding the observation, and presented potential recommendations for consideration.

Standard Operating Procedures

As discussed previously, there is a lack of policies and procedures both in existence and implementation throughout the District. The District Standard Operating Procedures (SOP) drafted and accepted for implementation in 2004 contains a section for Payroll (section 26). We noted that there was a lack of knowledge and compliance with the Payroll SOP. The Acting Payroll Specialist became aware of the documented Payroll SOP as part of our audit. We noted that Payroll feels the Payroll SOP is inaccurate and outdated. Without current SOPs in place that all affected employees are aware of, the District is exposed to potential inconsistencies and/or unauthorized or inappropriate expenditures.

We recommend that the District consider discussing the current Payroll SOP with the Payroll Clerks and Acting Payroll Specialist so that the Payroll SOP may be revised as a reflection of current and best practices. Upon completion, we recommend that a copy of the Payroll SOP be distributed to all Payroll and Human Resources employees.

Segregation of Duties

An element of effective internal controls is the proper segregation of duties. The basic premise of segregating duties is to prevent situations where an employee has the ability to perpetrate an error or irregularity and to conceal it. Proper segregation of duties provides for a system of checks and balances such that the functions by one employee are subject to review through the performance of interrelated functions of another employee.

In the course of our review of the Payroll department, we noted segregation of duties concerns relating to the new hire and termination process. The Acting Payroll Specialist enters the payroll information for new hires as the Data Operational Specialist for Human Resources and then completes a review of this information for accuracy and existence as the Acting Payroll Specialist. For the termination process, the Acting Payroll Specialist terminates the employee as the Data Operational Specialist for Human Resources and then completes a review to assure that the employee was properly terminated in the system and no longer scheduled to receive payroll disbursements. This segregation of duties may lead to errors or potential fraud in the payroll system not being detected. Specifically, this could lead to the Data Operational Specialist for Human Resources creating fictitious employees and then approving them as existing and accurate for payment as the Acting Payroll Specialist.

Each of these situations could result in an intentional or unintentional error or irregularity going undetected. We recommend such conflicting responsibilities be separated to the extent possible. Management should segregate or limit the duties and responsibilities of the Acting Payroll Specialist until the position is filled permanently. Responsibilities may be segregated to Payroll Clerks or someone else from Human Resources to eliminate the segregation of duties concern.

System Access

In order for segregation of duty controls to be effective, they must be coupled with system access controls. The Acting Payroll Specialist is also the Data Operational Specialist in Human Resources and maintains system access for both Payroll and Human Resources. There are no system restrictions for the Acting Payroll Specialist within Payroll or Human Resources. As noted in the segregation of duties section, this could lead to the Data Operational Specialist for Human Resources creating fictitious employees and then approving them as existing and accurate for payment as the Acting Payroll Specialist.

We were informed that it is common for usernames and passwords of Payroll clerks to be shared within the Payroll department. The username and password will be shared between Payroll clerks to complete different tasks. Even with strong segregation of duties controls, if clerks are sharing passwords, the segregation of duties controls can be circumvented and perpetrated providing the opportunity for potential fraud.

We recommend a review of system access should be completed by the Business Administrator (BA), Comptroller, and Acting Payroll Specialist. The District should limit the system access for the Acting Payroll Specialist until the Payroll Specialist is permanent. The Acting Payroll Specialist should identify what access level each member of the Payroll department should have with final approval coming from the BA. The BA, Comptroller, and Acting Payroll Specialist should work with the Director of Technology to ensure that system access rights are updated for all employees and that a review of system access is performed on a consistent basis. The District should require employees to change their passwords throughout the year. All employee system access should be reviewed to confirm that there are no instances where an employee has access that could violate segregation of duty and/or system access controls.

Manual Processes

We noted that the payroll process is manual, cumbersome, and susceptible to error. More specifically:

- The Acting Payroll Specialist reviews the monthly School Board meeting minutes to ascertain the new hires. The new hires' payroll information is manually entered by the Acting Payroll Specialist. The system does not generate a new hires report, so the Acting Payroll Specialist has to manually review all new hires.
- The Acting Payroll Specialist reviews the monthly School Board meeting minutes to ascertain the terminated employees. The employee is manually removed from the payroll system by the Acting Payroll Specialist. The system does not generate a termination report, so the Acting Payroll Specialist has to manually review all terminated employees.
- The Payroll department and Data Processing department conduct a trial check run prior to the checks being printed. The trial check run generates a report totaling the payroll amount and total number of checks generated. This report is reconciled to an Excel spreadsheet created by a Payroll clerk. The Payroll clerk manually enters the payroll information from the system into the Excel spreadsheet.

Manual processes present a high risk for intentional or unintentional misstatements. Payroll payments may be inaccurate resulting in expenses that are not justified by the services performed.

We recommend that the District assess if the manual processes can be automated through the existing Payroll System. The District should assess the system's ability to generate additional payroll reports to eliminate the manual review.

Management Review

We noted that Payroll management does not formally review and/or approve the following procedures:

- Entering new employees into the Payroll system. The Acting Payroll Specialist enters new employees into the Payroll system and no documented review is conducted by the Acting Payroll Specialist.

- Terminating employees in the Payroll system. The Acting Payroll Specialist terminates the employee in the Payroll system and no documented review is conducted by the Acting Payroll Specialist.
- The trial check run process. The Acting Payroll Specialist reviews the matches between the report generated from the trial check run and an Excel spreadsheet created by a Payroll clerk. The Acting Payroll Specialist does not sign off on the report after the review is complete.

Formal review of performed procedures provides a sense of security over the accuracy of the work and accountability. Lack of review allows for the chance that terminated employees may receive compensation after their termination.

We recommend that the Payroll department consider requiring the Payroll Specialist to sign off on all reviews. Signing off after a review is complete verifies that it has been reviewed and approved by the Payroll Specialist.

Safeguarding of Voided Checks

Voided checks are voided in the system by Data Processing and a red line is drawn on the check. Data Processing manually documents the issued and voided checks on a piece of cardboard. The voided checks are sent to Payroll and maintained in a cardboard box under the desk of the Acting Payroll Specialist. The Acting Payroll Specialist is unaware of the proper procedure to dispose of the voided checks. Improper maintenance of voided checks presents the opportunity for these checks to be cashed resulting in an inappropriate expense for the District.

We recommend that the Payroll department consider marking the word "VOID" on all voided checks, maintain an electronic log of all voided payroll checks, and provide the bank with a listing of all voided checks. The Payroll department should document a formal procedure for the disposal of voided checks.

Bank Reconciliations

Currently, the Payroll bank reconciliations are conducted by an outside third-party vendor. There is no contractual agreement between the third-party vendor and the District to identify the expectations of the third-party vendor with regard to confidentiality of personal information of District employees, including social security numbers. The third-party vendor is a Certified Public Accountant that used to work for Bowman and Company LLP and participated in the financial audit of the District. This individual was recommended by the previous Superintendent. Without a contract stipulating consequences the District is at risk that confidential information could be made available to the public and/or used as part of an identity theft scheme.

We recommend that the District consider entering into a contract with the individual to protect the security of confidential payroll information and to outline the expectations and compensation for services provided.

Overtime Charges

Overtime is processed by Payroll after receipt of a completed and authorized overtime approval form that is compared to the employee's attendance sheet. The overtime hours and amount of compensation are entered into SMARTS. The overtime amount is not tracked or monitored by Payroll. Payroll does not conduct a review or analysis for overtime paid throughout the year. Unnecessary, unapproved or unworked overtime could be submitted by employees resulting in the employee receiving additional compensation that they do not deserve.

We recommend that the District cap the amount of overtime an employee may be compensated for in a year without receiving Board approval for extreme circumstances. Also, the Payroll department should formally track and monitor overtime paid, to ascertain any employees receiving excess overtime payments and assess whether new employees should be hired.

Results of the Historical Expenditure Analyses – Payroll Transactions

The Historical Expenditure Analyses related to payroll considered all payroll transactions processed during the period 2004 – 2005 through 2005 – 2006. As discussed previously in this report, data for the District is currently maintained within a proprietary SQL server client application developed and maintained by Computer Solutions Inc., (CSI) called SMART. To extract the necessary data elements for the Historical Expenditure Analysis, we obtained several backup copies of the SQL Server database and a copy of the SMART application. KPMG discovered Camden routinely removes transactions information at the end of each fiscal year and calendar year. Human resource data (e.g., payroll) is deleted at the end of each calendar year and financial data is deleted at the end of each fiscal year. This is an unusual practice and it was unclear why this exercise was performed.

The structure of the database combined with the removal of transactions provided for a difficult data retrieval process. As an example, a field typically associated with a currency amount or number could routinely be used to house character data or text. To obtain the necessary data extracts, we utilized the SMART tool whenever feasible and exported those files. For instances in which the reporting tool was not sufficient, we utilized SQL server traces to record the SQL commands sent from the SMART tool to SQL server. These recorded commands were then used to query and extract relevant information.

Once the necessary data elements were extracted from the system, we continued with a process to normalize and standardize the data. This included mapping and inserting the data into our proprietary system, identifying duplicate transactions, verifying the correctness of the data elements, “cleaning” any dirty data identified, etc. It is important to note that we did not perform tests to determine completeness and accuracy of the data. However, during our review nothing came to our attention indicating that the data was not complete and accurate.

Essentially, this process was done to extract all disbursements, as well as payroll transactions, in order for the team to analyze the payments made. For payroll disbursements, the following queries were run to identify potential anomalies or irregularities:

- **Possible Questionable Payments – Payments made to Potential Ghost Employees** - Identified any payments made to an employee after the listed date of death in the Social Security Administration (SSA) death master file. A “Ghost” employee is identified as any employee with a social security number listed in the death master file provided by SSA. This routine flags any payments made to an employee after the listed date of death in the death master file.
- **Possible Questionable Employees – Employee Age Less than 18 or Greater than 65** - Identified employees who are younger than 18 or older than 65.
- **Possible Questionable Employees – Post Office Mail Drop Box Addresses** – Compared employee addresses against known PO mail drop box addresses, which are equivalent to PO Box addresses, but appear to be a legitimate address.
- **Possible Questionable Employees – Employed for a Short Time Period and Payments made after Termination Date** – Identified employees terminated within 30 days of their hire date and who were paid after their termination date.
- **Possible Questionable Payroll Payments – No Benefits Deducted from Paycheck** - Identified any check where benefits were not deducted by comparing gross check amount and net check amount.
- **Possible Questionable Employees – Large Salary Increase** – Identified employees that received a large salary increase (e.g., more than \$7,500) between the period 2004 – 2005 through 2005 – 2006.
- **Possible Questionable Employees – Gross Compensation Greater than Base Compensation** – Identified employees whose actual gross compensation was greater than their base compensation.

Payroll (continued)

- *Payroll Payments Analysis– Anomalies in Number of Paychecks Received* – Identified employees who received greater than 52 checks within the period 2004 – 2005 through 2005 – 2006.
- *Possible Questionable Employees – Employees Paid not in HR Master File* – Identified payroll payments made to employees not listed in the HR master file.
- *Possible Questionable Payments – Payments made to Employees after Termination Date* – Identified payments made to employees more than 30 days after their termination date as recorded in the District's system.

The tables presented on the following pages provide the results of these queries and includes discussion of the follow-up procedures, the related results and any recommendations, as appropriate. It should be noted that 100% of payroll transactions processed from July 1, 2004 through June 30, 2006 were considered in this analysis. The table presents the outliers or anomalies resulting from that analysis. In many instances, additional follow-up is recommended to further understand the anomalies and review of additional transactions.

Historical Expenditure Analysis – Payroll and Human Resources Disbursements

No.	Analysis Performed	Results of Analysis	Follow-up Procedures	Results from Follow-up and Recommendation
1	Analyzed payroll records to identify incomplete or missing hire date, birth date, status, address information, and other key data elements.	<ul style="list-style-type: none"> We noted 26 employees whose termination date was after their date of death as recorded in the Social Security Administration's death master file. 6 of these employees had a termination date in the system ranging from 2 to 30 years after their date of death. 16 of these employees appear active in the District system despite a date of death recorded in the Social Security Administration's death master file. 10 of these employees whose social security numbers match the death master file received compensation after their recorded date of death totaling \$380,830.34. Social Security numbers were changed in the payroll system for 3 employees. 	<ul style="list-style-type: none"> Conducted interviews with HR and Payroll personnel to ascertain why the anomalies would exist. Selected a sample from the listing of employees to further understand the anomalies presented. 	<p><i>See Internal Control Observation in Human Resources Section related to Timely Processing of Deceased Employees.</i></p> <p>The average time for HR and Payroll to adequately process a termination due to death is six months. Management was unaware of the six employees that were in the system 2 to 30 years after their date of death. Management did acknowledge the possibility of deceased employees in the system, but discussed the resource constraints prevent them from sifting through to find them. We selected five employees whose social security number appears on the SSA death master file and requested to review their personnel files. We noted:</p> <ul style="list-style-type: none"> One personnel file could not be located. One employee was a lunch aide and as such, we were told a personnel file was not maintained. Two personnel files indicated the employees are active. One personnel file indicated the employee was deceased. <p>We were informed that although clerks have the ability to change a social security number in the system, they would not do that without proper authorization. However, there was no documentation to support the change of the three social security numbers. In all three instances, the social security number was changed from a valid SSN to a SSN listed on the SSA death master file. Two of the three were changed dramatically. One was a digit off. An audit trail did not exist at the time and as such, the employee responsible for the change could not be identified. Based on the data received, it can only be determined that the change occurred some time during the 05-06 school year.</p> <p>Three employees' personnel files were requested in an attempt to understand why the employee is listed on the death master file with SSA. However, no records indicated anything related to the employee's death. According to the personnel files and payroll records:</p> <ul style="list-style-type: none"> One employee was hired in 1966 and retired August 1, 2006; according to the SSA, he passed away in 1974. Since then, checks have been issued in his name totaling \$130,822 after taxes. One employee was hired in 1970 and retired April 1, 2006; according to the SSA, he passed away two months after he was hired. Since the recorded date of death, checks were issued to this employee totaling \$60,925 after taxes. No employee personnel file was provided for another employee whose social security number appeared on the death master file. We were told the employee is a student within the District involved in a summer work program; personnel files are not maintained for such individuals.

Historical Expenditure Analysis – Payroll and Human Resources Disbursements, continued

No.	Analysis Performed	Results of Analysis	Follow-up Procedures	Results from Follow-up and Recommendation
2	Analyzed human resources data to identify employees that were either under 18 years old or over 65 years old.	<p>We noted 16 employees under the age of 18 and 342 employees over the age of 65.</p> <ul style="list-style-type: none"> We noted 3 employees with birthdates that are for sometime in the future (e.g., September 17, 2048). We noted 10 employees with birthdates that would indicate they are under the age of 14 at the time of review. We noted 3 employees with birthdates that would have made them between the ages of 14 and 18 at the time of review. We noted 342 employees with birthdates that would have made them over the age of 65 at the time of review. 	<ul style="list-style-type: none"> Conducted interviews of the HR and Payroll personnel to ascertain if it is the District's practice to hire employees over the age of 65 and under the age of 18. Selected a sample from the listing of 16 employees under the age of 18 and 342 employees over the age of 65. For each sample item, the engagement team verified that the date of birth per the personnel file agrees with the date of birth in the system. 	<p>Based on our interviews, we noted that food services used to be responsible for their own hiring and maintenance of files. We were told that Human Resources took over beginning in 2004/2005 due to inconsistent and incomplete maintenance of personnel files. As a result, several food services employees have inaccurate dates of birth in the system.</p> <p>We selected a sample of 15 employees and reviewed a screen print of their demographic history as well as their personnel file. We noted:</p> <ul style="list-style-type: none"> Four employees where the date of birth per the system matched the date of birth per the personnel file. These four employees were born in 1925, 1932 (2) and 1939. The employee born in 1925 was terminated in 2002; the employees born in 1932 are a substitute teacher and lunch aide; and the employee born in 1939 is a lunch aide. One employee did not accept the position offered to him. A record was created for him, but no start date was entered. In place of his date of birth was the date of his offer of employment. Three employees showed as having "00/00/0000" as their birthday in the system, as future dates had been entered. Of these three employees: one was a lunch aide terminated in 2002 and there is no personnel file for this employee; another was born in 1956, worked as an elementary school teacher and was terminated in 2002; and the last is a current employee working as a clerk born in 1980. One employee was a student employee and no records are maintained for student employees. The student was born in 1989 per the system and was terminated in 2004. Two employees have a birth date of 1998 and 1999 in the system; both were terminated in 2002. Neither of these employees have a personnel file. One employee has had his/her birthday updated since the period of review. During the period of review, the employee's birthday was listed as 1/1/1900. Currently that employee's birthday accurately indicates 4/25/54. Another three employees have incorrect birthdays in the system (7/13/96, 11/01/87 and 1/1/01). The personnel files indicate 7/13/66, 8/20/61 and 1/13/66. <p>It is our recommendation that the District discuss a feature with CSI for the SMART system that would reject birthdays that appear inaccurate or unrealistic.</p>

Historical Expenditure Analysis – Payroll and Human Resources Disbursements, continued

No.	Analysis Performed	Results of Analysis	Follow-Up Procedures	Results from Follow-up and Recommendation
3	<p>Reviewed data to determine if any employees are paid at addresses listed as P.O. Box, commercial mail receiving agency, etc.</p>	<p>We noted 2 employees that receive payment at known mail-drop locations.</p>	<ul style="list-style-type: none"> Reviewed the personnel files of both employees to further understand the reason for the mail drop. 	<p>Per the review of personnel files, one individual completed a change of address form in 2003 and the known mail-drop location is the current employee address.</p> <p>The second individual had multiple addresses on various documents contained in the personnel file; however, not one change of address form was enclosed. In addition, the current address in the system did not match an address used by the employee requesting delivery of payment for 350 unused sick days.</p> <p>Further analysis should be performed to understand why these individuals were receiving checks at known mail drops. Specifically, additional effort should be expended to determine if payment was issued for the unused sick time and if so, determine the validity of the payment and the delivery location.</p>
4	<p>Analyzed payroll data to identify employees terminated within 30 days of their hire date who were paid after their termination date.</p> <p>Note: This assessment considers only those individuals hired and terminated in a 30 day period according to the District system. See assessment number 10 for employees paid after termination date for <i>all</i> employees.</p>	<p>We noted 16 employees that were terminated within 30 days of their hire date and received pay after their termination date totaling \$8,164. The breakdown is as follows:</p> <ul style="list-style-type: none"> 7 of 16 employees were paid between 1 and 30 days after termination totaling \$3,509. 1 of 16 employees was paid between 31 and 90 days after termination totaling \$1,223. 8 employees were paid greater than 90 days after termination totaling \$3,432. 	<ul style="list-style-type: none"> Reviewed personnel files for a sample of employees to further understand why they were hired and terminated in a short period of time and why they were paid after termination. 	<p>We would expect a certain delay for final payment for services rendered. As such, we focused the follow-up on those employees who received payment more than 90 days after their termination date. We requested the personnel files for 8 individuals and upon review noted:</p> <ul style="list-style-type: none"> The personnel file could not be located for two individuals who received checks 243 and 198 days after termination. In both cases, the hire date was after the termination date in the system. The personnel file for one employee (received check for \$172.16, 104 days after the termination date in the system) contained documents that indicated a termination date of March 30, 2006; the system indicates a termination date of December 1, 2004. The hire date is the same as the termination date in the system. One employee's personnel file contained a resignation letter effective September 1, 2006. According to the system, she had received a check for \$1,609 over 1,000 days after her termination date. The termination date in the system is November 18, 2002. One employee's personnel file contained an e-mail regarding immediate termination on October 29, 2005, but the system indicated she had been terminated on June 30, 2004. She received a check for \$648 on December 22, 2004, 175 days after the system indicated she had been terminated. Three employees were terminated in 2003 and as such hard copy personnel files were not available as the District maintains this information on CDs. However, a screen print for one employee confirmed the payment disbursed was later voided. <p>In summary, the integrity of the information contained in the system is questionable and is not supported by documentation contained in personnel files.</p> <p><i>See related observation in the Human Resource Section of this report.</i></p>

Historical Expenditure Analysis – Payroll and Human Resources Disbursements, continued

No.	Analysis Performed	Results of Analysis	Follow-Up Procedures	Results from Follow-up and Recommendation																						
5	<p>Analyzed payroll data to assess if there are any employees that do not have the applicable benefits deductions.</p>	<p>We noted 1,444 instances where an employee received a paycheck without any payroll deductions. The total amount paid to these employees was \$417,768.22. Of the 1,444 instances”</p> <ul style="list-style-type: none"> • 1,438 were under \$1,000; • 4 were greater than \$1,000 and less than \$10,000; and, • 2 were more than \$10,000. <p>The largest paycheck remitted without any payroll deductions was in July of 2006 for \$16,290 to a seventh grade math teacher.</p>	<ul style="list-style-type: none"> • Ascertained through interview of the payroll personnel, the reason for payroll disbursements without any deductions. • Selected a sample from the listing of employees who received a payroll disbursement with out any deduction. 	<p>As per our interviews with HR and Payroll Personnel all payroll disbursement should have applicable deductions except for reimbursement of college tuition. Outside of the college tuition reimbursement management is not aware of any reason why a payroll disbursement would not have a payroll deduction.</p> <p>We selected 10 checks for follow-up and requested the payroll manager provide explanations as to why deductions were not applied to the payroll disbursements. We noted:</p> <ul style="list-style-type: none"> • The payroll manager was unable to provide information beyond the screen prints for 3 checks. The screen print category is provided: <table border="1" data-bbox="1312 633 1921 820"> <thead> <tr> <th>Check Amount</th> <th>Check Date</th> <th>Screen Print Comments</th> </tr> </thead> <tbody> <tr> <td>\$ 3,654.85</td> <td>7/15/2004</td> <td>Non-Taxable Pay</td> </tr> <tr> <td>\$ 4,701.96</td> <td>7/14/2006*</td> <td>Reimbursement</td> </tr> <tr> <td>\$ 1,000.00</td> <td>5/30/2006</td> <td>Non-Taxable Pay</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • The payroll manager indicated that 4 of the 10 checks selected should have had FICA and medical deductions applied: <table border="1" data-bbox="1312 893 1690 1096"> <thead> <tr> <th>Check Amount</th> <th>Check Date</th> </tr> </thead> <tbody> <tr> <td>\$12,480.00</td> <td>7/14/2006*</td> </tr> <tr> <td>\$16,290.00</td> <td>7/14/2006*</td> </tr> <tr> <td>\$ 5,265.00</td> <td>7/14/2006*</td> </tr> <tr> <td>\$ 8,580.00</td> <td>7/14/2006*</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • Two of the checks selected for \$72 and \$210 issued in April and May 2005 were payments made to students as part of the work study program. No personnel files are maintained for these individuals; no record of tax exempt status was provided. • The payroll manager indicated that one check for \$712 issued on September 15, 2005 was for a refund of deductions. • Although these items were outside the audit period, they were identified during our review and follow-up was conducted. 	Check Amount	Check Date	Screen Print Comments	\$ 3,654.85	7/15/2004	Non-Taxable Pay	\$ 4,701.96	7/14/2006*	Reimbursement	\$ 1,000.00	5/30/2006	Non-Taxable Pay	Check Amount	Check Date	\$12,480.00	7/14/2006*	\$16,290.00	7/14/2006*	\$ 5,265.00	7/14/2006*	\$ 8,580.00	7/14/2006*
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Historical Expenditure Analysis – Payroll and Human Resources Disbursements, continued

No.	Analysis Performed	Results of Analysis	Follow-Up Procedures	Results from Follow-up and Recommendation
6	Analyzed payroll data to identify employees whose gross pay increased by greater than \$7,500 from '04-'05 to '05-'06	<p>We noted 330 employees that received gross pay increases greater than \$7,500. The total gross amount of increase for these employees was \$4,802,376.01. The breakdown is as follows:</p> <ul style="list-style-type: none"> • 188 employees received a gross pay increase between \$7,501 and \$12,500 • 102 employees received a gross pay increase between \$12,501 and \$25,000 • 40 employees received a gross pay increase greater than \$25,001 	<ul style="list-style-type: none"> • Ascertained through interview of the payroll personnel the salary increases by job grade. • Considered Board Resolution for percentage increases • Selected a sample of employees receiving high gross pay increase to further understand the salary increase. 	<p>As per our interviews with the HR and Payroll Personnel, a formal process to assess if the correct salary increase was applied to each employee does not exist. In reviewing documentation related to the pay increase from 04–05 to 05–06 for six employees, we noted:</p> <ul style="list-style-type: none"> • The personnel file could not be located for an employee whose difference in gross pay over the two-year period was \$19,792. • Supporting documentation to indicate approved pay increases were not contained in the personnel file of four employees (two teachers, a vice principal, and a warehouse clerk); differences in gross pay between 04–05 and 05–06 was \$19,975 and \$17,677 for the teachers, \$18,504 for the vice principal, and \$19,609 for the warehouse clerk. • One employee was a substitute teacher who was appointed to a full-time position effective 1/1/05. The pay increase was appropriate given the new position.

Historical Expenditure Analysis – Payroll and Human Resources Disbursements, continued

No.	Analysis Performed	Results of Analysis	Follow-Up Procedures	Results from Follow-up and Recommendation
7	<p>Analyzed payroll records to identify all individuals whose actual gross compensation was greater than their base compensation.</p>	<p>We noted 681 employees whose actual gross compensation was greater than their base compensation. The range of increase stretched from \$26 to \$146,384. The total amount of actual gross compensation in excess of base compensation for these employees was \$7,531,066.</p> <ul style="list-style-type: none"> • 7 employees received gross compensation totaling \$454,605.99 despite having no listed base compensation • 239 employees received gross compensation that was between 0% and 5% greater than their base compensation totaling \$703,424 above base • 264 employees received gross compensation that was more than 5% and less than 15% greater than their base compensation totaling \$2,157,214 above base • 171 employees received gross compensation that was more than 15% greater than their base compensation totaling \$4,670,428 above base 	<ul style="list-style-type: none"> • Ascertained through interview of the payroll personnel why an employee may receive compensation in excess of their base salary • Selected a sample from the listing of employees whose actual gross compensation was greater than their base compensation • For each sample item, the engagement team, <ul style="list-style-type: none"> – Verified that supporting documentation exists in the personnel file which supports the compensation (e.g., Degree Dollars, Longevity) which is in excess of their base. – Reviewed the payroll disbursements to assess whether the amount is reasonable. 	<p>Based upon our interviews we noted that the maximum additional salary an employee may receive in excess of base compensation is \$6,000.</p> <p>Through our analysis we noted the following control deficiencies:</p> <ul style="list-style-type: none"> • In certain situations (e.g., payroll settlement) an employee will receive more than one payroll check in a cycle. To allow the payroll department to process the additional check, a field within the SMART System must increase to 2 for the total number of checks to be processed. If the payroll personnel fails to change the number back to 1 (after the special payroll disbursement) the system will continue to process the additional checks every payroll cycle. It was noted that several times employees have received duplicate checks over the years. No mechanism or edit check is available, nor is a review performed. • Payroll is processed based upon the total compensation entered into either the Salary Guide or the Base Compensation fields (depending on the type of employee) within the SMART System. If an amount is entered into both fields payroll checks are processed for each compensation amount. No control exists that prevents a multiple of checks from being processed nor is a review performed to ensure duplicate payments are not processed. • No control exists or edit reports are produced once the base compensation is exceeded. <p>We selected seven employees that did not have an identified base salary. For these employees, we reviewed screen shots of the employees' demographic and salary guide information and a copy of the page where the employees' salaries were approved in the Board minutes as applicable.</p> <ul style="list-style-type: none"> • One employee was a tenured teacher. Tenured teachers are automatically renewed, their salary increase is tied to the terms of their contract, and they are not placed on Board minutes. The base pay for this employee should have been recorded in the system and currently shows up on screen prints. • One employee was a substitute teacher. Substitute teachers do not have base pay. • One employee was a part time lunch aide. There is no base pay for lunch aides. • Four employees were terminated during the period under review due to either retirement or death. Each of these employees should have had a recorded base pay. The Acting Payroll Supervisor believes that since the data was pulled after the time of termination that it showed no base pay. Base pay is removed when an employee is terminated. <p>Additional test work is pending for employees that received pay in large amounts in excess of base.</p>

Historical Expenditure Analysis – Payroll and Human Resources Disbursements, continued

No.	Analysis Performed	Results of Analysis	Follow-Up Procedures	Results from Follow-up and Recommendation
8	Analyzed payroll data to identify employees who received greater than 52 checks within the two year period covering '04-'05 and '05-'06.	<p>We noted 916 employees that received greater than 52 checks in the two year period covering '04-'05 and '05-'06 totaling \$95,812,187.75 in gross pay. The breakdown is as follows:</p> <ul style="list-style-type: none"> • 504 employees received between 53 and 59 checks totaling \$57,620,126.75 in gross pay • 325 employees received between 60 and 79 checks totaling \$31,141,211.39 in gross pay • 87 employees received greater than 79 checks totaling \$7,050,849.61 in gross pay (7 of these employees received more than 96 checks) 	<ul style="list-style-type: none"> • Ascertained through interview of the payroll personnel why an employee may receive greater than 52 checks in given fiscal year. • Selected a sample from the listing of employees who received more than 96 checks in a given fiscal year. • For each sample item the engagement team: <ul style="list-style-type: none"> – Verified that supporting documentation exists for the additional disbursements. – Reviewed the payroll transaction history to assess why the additional payroll was processed. 	<p>Based upon our interviews we noted it is not uncommon for an employee to receive approximately 48 checks in a given year. Certain employees (e.g., custodians) work overtime every week and may receive 48 checks in a given year. However, management is not aware of reasons why an employee would receive more than 96 checks in two fiscal years.</p> <p>We requested screen shots from the payroll system to understand why these seven individuals received more than 96 checks; six of the employees were custodians and received multiple checks each pay period. One individual, a former secretary, received 98 checks. Upon further review of checks disbursed per month, the number of checks an employee received ranged from 0 to 7. The payroll manager was unaware this could happen.</p> <p>She did indicate a control weakness in the system allows payroll clerks to change the number of checks an employee receives. If they do not physically change it back, the employee will continue to receive multiple checks.</p>
9	Analyzed payroll and Human Resources data to identify employees that were paid without a Human Resources record.	No exceptions noted.	Not Applicable	Not Applicable
10	Analyzed payroll data to identify employees who were paid greater than 30 days after their termination date.	<p>We noted 1,687 employees that were paid greater than 30 days after their termination date totaling \$2,013,947.03 in gross pay. The breakdown is as follows:</p> <ul style="list-style-type: none"> • 209 employees were paid between 31 and 90 days after termination totaling \$546,131.72 in gross pay • 590 employees were paid between 91 and 365 days after termination totaling \$391,557.01 in gross pay • 888 employees were paid greater than 365 days after termination totaling \$1,076,258.30 in gross pay 	<ul style="list-style-type: none"> • Ascertained through interview of the payroll personnel examples of when employees are terminated within 30 days of their hire date and are paid after their termination date. • Reviewed the HR Files to assess documentation exists for the termination. • Traced and agreed employee payroll disbursement to the approved timesheets and termination forms. 	<p>We requested personnel files and payroll screen shots for 5 employees. We noted:</p> <ul style="list-style-type: none"> • One employee became a substitute teacher November 17, 2000. In December 2005, the employee became a full-time employee. A letter from the Board was sent informing the employee of his/her employment with the District. A termination letter or form could not be located in the employee's file. • One employee was suspended for an altercation with a student. He was later reinstated. • One employee quit her position as substitute teacher and was rehired as a paraprofessional. • One employee also had a title change to paraprofessional. • One employee was a long term substitute teacher. <p>In all cases, the system was not properly updated and contained inaccurate data related to all five employees selected for follow-up. Payments should not be able to be disbursed to employees listed as terminated.</p>



Human Resources

Overview and Background

The Personnel and Human Resources department (HR) is the unit primarily responsible for coordinating all employee-related processes and functions. The HR department consists of the Director of HR, the Data Operational Specialist for HR, the HR Manager, and four HR clerks.

As part of our procedures, we developed a high-level understanding of the HR process. The following key sub-processes were identified as part of the HR department:

- New Hires
- Tracking Employee Attendance
- Buy-Backs
- Employee Benefits
- Terminated Employees

We performed a walk-through of the appropriate sub-processes of the HR process to verify our understanding.

Summary of Observations and Recommendations

On the following pages, we present a summary of observations and recommendations related to the sub-processes listed above. We have titled each observation, provided a discussion of the circumstances surrounding the observation, and presented potential recommendations for consideration.

Standard Operating Procedures

Throughout the District and particularly within HR, there is a lack of policies and procedures both in existence and implementation. The District Standard Operating Procedures (SOP) drafted and accepted for implementation in 2004 contains a section for HR (section 19). We noted that there was a lack of knowledge of and compliance with the HR SOP. Without current SOPs in place that all affected employees are aware of, the District is exposed to potential inconsistencies and/or unauthorized or inappropriate expenditures.

We recommend that the District consider discussing the current HR SOP with the Director of HR, Data Operational Specialist for HR and HR Manager so that the HR SOP may be revised as a reflection of current and best practices. Upon completion, we recommend that a copy of the HR SOP be distributed to all HR and Payroll employees.

Segregation of Duties

An element of effective internal controls is the proper segregation of duties. The basic premise of segregating duties is to prevent situations where an employee has the ability to perpetrate an error or irregularity and to conceal it. Proper segregation of duties provides for a system of checks and balances such that the functions by one employee are subject to review through the performance of interrelated functions of another employee.

In the course of our review of the HR department, we noted segregation of duties concerns relating to:

- employee attendance process
- new hire process
- termination process.

The HR clerk is responsible for receiving the daily employee absence form, the daily attendance sheets, and the year-end attendance report for each school. The HR clerk enters the sick/personal/vacation days in SMARTS based on the daily absence form. The daily attendance sheets and the year-end attendance report are matched to the attendance information maintained in SMARTS for each employee. HR management does not conduct a formal review over the attendance process.

The Acting Payroll Specialist enters the payroll information for new hires as the Data Operational Specialist for HR and then completes a review of this information for accuracy and existence as the Acting Payroll Specialist. For the termination process, the Acting Payroll Specialist terminates the employee as the Data Operational Specialist for HR and then completes a review to assure that the employee was properly terminated in the system and is no longer scheduled to receive payroll disbursements. This segregation of duties may lead to errors or potential fraud in the payroll system not being detected.

Each of these situations could result in an intentional or unintentional error or irregularity going undetected. We recommend such conflicting responsibilities be separated to the extent possible. Management should segregate or limit the duties and responsibilities of the Acting Payroll Specialist until the position is filled permanently. Responsibilities may be segregated to Payroll Clerks or someone else from HR to eliminate the segregation of duties concern. The HR clerks should not be able to receive, review, and enter the attendance information into SMARTS. Responsibilities may be segregated between each clerk to eliminate the segregation of duties concern.

Job Descriptions

We were informed that job descriptions are not current and do not accurately represent the responsibilities of District employees. District employees' responsibilities are often greater than their job description or a reflection of what their job description was when they were hired, but no longer accurately reflects their current responsibilities.

We recommend that the District complete a District-wide assessment of all current positions in order to provide employees with accurate job descriptions. The District should conduct a needs assessment once job descriptions have been completed for all employees to identify areas of need and to develop the proper job descriptions to fill these needs with qualified candidates.

Limited Technology and Manual Processes

The District tracks employee attendance through three different forms. The three forms are the daily employee absence form, the monthly manual attendance sign-in sheet, and the year-end attendance report submitted by each school. The HR clerks use these forms to manually input and track sick/personal/vacation days in the system. The daily employee absence forms are matched to the monthly manual attendance sign-in sheet and the year-end attendance report by the HR clerks.

In addition to the attendance process, the new hire and termination process is another manual process. The HR clerks review the School Board meeting minutes to ascertain the new hires and terminated employees. HR clerks manually create a report of all new hires and terminated employees. The report is reconciled to the new hire and terminated employee information maintained within SMARTS.

Also critical is the lack of a position control roster or other similar record keeping mechanism to appropriately track positions and related payroll. In order to appropriately budget for and manage resources, the District should have an accurate listing of positions, filled and vacant.

We recommend that the District assess whether the manual processes can be automated through the existing HR system. The District should assess the system's ability to generate additional HR reports to eliminate the manual review and likelihood of human error.

Management Review

We noted that HR management does not formally review and/or approve the following procedures:

- Entering new employees into the HR system. New employees are data entered in the HR system by the HR clerk. HR management does not review the new employees entered into the system.
- Reconciliation of attendance reports. The HR clerks reconcile employees' attendance in the system to the attendance sheets received monthly. HR management does not review the reconciliation process to verify the attendance is complete and accurate.

We recommend that the HR department consider requiring the HR Director and/or manager to sign off on all reviews. By signing off after a review is complete, it verifies that it has been reviewed and approved by HR management.

School Board Meeting Agenda

The School Board meeting is conducted the last Monday of every month. The School Board reviews new hires, terminated employees, and other District information documented on the Meeting Agenda. The School Board Meeting Agenda is created by the Superintendent's Secretary. The HR Manager forwards a list of new hire and terminated employees to the Superintendent's Secretary to be included in the Meeting Agenda.

Human Resources *(continued)*

We were informed that new hires were included on the Board Agenda without the knowledge or approval from the HR Manager. The new hires were added by the Superintendent's Secretary upon request of the Superintendent.

We noted that the HR Manager has recently taken this responsibility away from the Superintendent's Secretary. The HR portion of the Meeting Agenda is created by the HR Clerks and reviewed by either the HR Manager or the Data Operational Specialist for HR. Upon approval by either of these individuals, the documentation is provided to the HR Secretary to be input into a read-only PDF file before it is sent to the Superintendent's Secretary.

We recommend that representatives from HR review the final Board Meeting Agenda prior to its submission to the Board. This review should be documented with the signature of the Director of HR, the HR Manager, or the Data Operational Specialist for HR.

Receiving Payments for Retired Employee Benefits

Retired employees may elect to continue with the District's benefit plan at a cost to the retired employees. The retired employees are instructed to send the benefit payment to the HR office, where one HR clerk is responsible for receiving and sending out the payment to the provider. The HR clerk normally receives checks through the mail, but the retired employees may also come directly to HR and drop off their payment. It is not uncommon for the HR clerk to receive blank checks from the retired employees. The HR department does not maintain a safe, and all checks are kept in a drawer in the HR clerk's desk.

We recommend that the District consider eliminating this responsibility and require that the retired employees deal directly with the provider. With the responsibility of the District receiving blank checks, the possibility that the checks may be misappropriated is high.

Timely Processing of Deceased Employees

During interviews with HR and Payroll personnel, we noted that a formal process for identifying and processing deceased employees does not exist. The average time for HR and Payroll to adequately process a termination due to death is six months and that is dependent on the District being informed of the person's death. The District does not proactively terminate an individual after a specified period of time. Management was unaware of the six employees that were in the system 2 to 30 years after their date of death. Management did acknowledge the possibility of deceased employees in the system, but said that resource constraints prevent them from sifting through to find them. Allowing a deceased employee to remain active for such a lengthy period creates an opportunity for payments to be made and cashed by an inappropriate party.

Poor Maintenance of Personnel Records

During our review, we noted that the HR files are not organized in a consistent manner. We noted numerous documents were missing from the files (i.e., employment application form, document pay increase form, etc.). There is no checklist to track documents and documents are not maintained in any particular order.

In addition, the analysis of historical expenditures revealed that the District does not maintain any personnel record for a number of employee types (e.g., lunch aides, student workers). This policy should be revisited as there may be tax implications and other potential labor requirements for maintaining such information. The lack of a position control roster and insufficient record keeping makes it difficult to determine how widespread the issue may be.

Results of the Historical Expenditure Analysis

Much of the analysis performed related to payroll touched on Human Resource issues. As such, please refer to the Results of the Historical Expenditure Analysis section of the report within the Payroll section.



Financial Management (including Student Activities, Grants Management, and Budget)

Overview and Background

The Financial Management Processes at the District include Accounting, Student Activities, Grants Management, and Budget. The Financial Management Department consists of the Comptroller and four Accounting Managers.

As part of our procedures, we developed a high-level understanding of the Financial Management process. The following key sub-processes were identified as part of the Financial Management department:

- Accounting
- Budget
- Student Activities
- Grants Management

We performed a walk-through of the appropriate sub-processes of the Financial Management process to verify our understanding.

Summary of Observations and Recommendations

On the following pages, we present a summary of observations and recommendations related to the sub-processes listed above. We have titled each observation, provided a discussion of the circumstances surrounding the observation, and presented potential recommendations for consideration.

Standard Operating Procedures

Throughout the District and particularly within the Accounting department and the Grants department there is a lack of policies and procedures both in existence and implementation. The District Standard Operating Procedures (SOP) drafted and accepted for implementation in 2004 contains a section for Accounting (section 25) and Grants (section 17); however the section for Accounting is identified as “placeholder for procedures to be developed for Accounting.” As of the date of audit when KPMG performed a walk-through of the Accounting process, a SOP for Accounting still did not exist. Without current SOPs in place that all affected employees are aware of, the District is exposed to potential inconsistencies and/or unauthorized or inappropriate expenditures.

We recommend that the District develop a SOP for Accounting that incorporates the District’s current policies and procedures as well as strong internal controls and best practices. Also, the District should discuss the current Grants SOP with the Grants department so that the Grants SOP may be revised as a reflection of current and best practices.

Segregation of Duties

An element of effective internal controls is the proper segregation of duties. The basic premise of segregating duties is to prevent situations where an employee has the ability to perpetrate an error or irregularity and to conceal it. Proper segregation of duties provides for a system of checks and balances such that the functions by one employee are subject to review through the performance of interrelated functions of another employee. In the course of our review of the Accounting department, we noted the following conflicting duties.

The Accounting Manager for General Funds is responsible for receiving the bank-approved deposit slip, preparing and entering the journal entry in SMARTS, and completing the bank reconciliation at the end of the month. This process is not reviewed and/or approved by the Comptroller. This segregation of duties concern may lead to funds being misappropriated.

This situation could result in an intentional or unintentional error or irregularity going undetected. We recommend such conflicting responsibilities be separated to the extent possible. Management should segregate the duties and responsibilities of the Accounting Manager for General Funds. The Accounting Manager for General Funds should not be able to receive the deposit slip, prepare and enter the journal entry, and complete the bank reconciliation. The District should hire an Accounting Clerk to handle some of the Accounting Manager for General Funds’

responsibilities with the Accounting Manager for General Funds taking on an oversight role so that responsibilities may be segregated to eliminate the segregation of duties concern.

System Access

In order for segregation of duty controls to be effective, they must be coupled with system access controls. We noted the following system access limitations:

- The system does not close or freeze prior accounting periods
- Journal entries may be added, edited, or deleted from prior accounting periods
- The Accounting Manager for General Funds has the system capability to access prior accounting periods and make adjustments
- Adjustments to prior accounting periods may be made without management approval
- The system does not maintain an audit trail of the person responsible and the reason for why an adjustment was made in a prior accounting period

Controls over system access limit the ability of employees and can provide an audit trail that will provide an increase in overall accountability. Without an audit trail or controls over system access, changes to payroll disbursements, vendor payments, or other matters of financial impact can be made without warning and without being able to identify who was responsible.

We recommend a review of system access be completed by the Business Administrator (BA) and the Comptroller. The BA and Comptroller should identify what access level each member of their department should have with final approval coming from the BA. The BA and the Comptroller should work with the Director of Technology to ensure that system access rights are updated for all employees and that a review of system access is performed on a consistent basis. All employee system access should be reviewed to confirm that there are no instances where an employee has access that could violate segregation of duty and/or system access controls.

Management Oversight

We noted that there is no review conducted by the Comptroller over the process of preparing and posting journal entries. The Accounting Manager for General Funds completes a standard journal entry form prior to posting the journal entry. The journal entry form is not reviewed or approved by the Comptroller. Also, after the journal entry is posted in the system, the Comptroller does not review the journal entry for accuracy and completeness.

A lack of management review/approval may result in an intentional or unintentional error or irregularity going undetected. We recommend that the Comptroller consider signing off on all journal entries prior to being posted. Also, the Comptroller should consider logging into the system to match the posted journal entry to the journal entry form, and a review of the SMARTS audit trail function should be completed on a regular basis to ensure that there has been no inappropriate or unapproved activity.

Bank Reconciliations

During our review, we noted the Accounting department is approximately two to three months behind on completing bank reconciliations. Bank reconciliations should be completed on a monthly basis. Bank reconciliations that are not completed on a monthly basis may lead to errors, potentially fraudulent activities not being identified on a timely basis, or potentially fraudulent activity to cover up misstatements that were identified based on time constraints.

The Accounting Manager for General Funds is responsible for completing the bank reconciliations. There is a lack of formal review after the bank reconciliations are completed. The Comptroller does not formally sign off after reviewing the bank reconciliations completed by the Accounting Manager for General Funds.

We recommend that the Accounting department institute policies and procedures that govern the monthly close process. As part of this process, a checklist of activities should be included that document how bank reconciliations should be completed and when they must be completed. The District should require that the prior month's bank reconciliation be presented to the Board on a monthly basis with the Secretary's report to confirm that the accounts reconcile and that the reconciliation was completed within a timely manner. The Accounting department should require a formal bank reconciliation review process to be completed by management.

School Budget Process

The District does not maintain a standard documented process for creating the school budget. With the high management turnover within the past few years, the management's involvement has changed in approving the budget and monitoring it throughout the year.

We recommend that the District formalize and document a budget process that indicates the process for creating, reviewing, and approving the budget. Since the District has been operating without any budgetary increases the past few years, the entire budget allocation should be reconsidered as contractual obligations increase. The Budget Monitor should ensure that each department conducts a monthly review of budget to actual expenditures. The results of this analysis can be used to try and determine where the District is managing the budget ineffectively in order to be corrected going forward.

Budget Transfers

Schools may request to transfer funds from one line item of the budget to another line item; this is called a Budget Transfer. A Budget Transfer form is used by the District. The Budget Transfer form is sent to the Budget Monitor for approval. The Budget Monitor has 15 days to approve the transfer request. If after 15 days the Budget Monitor does not approve or reject, the transfer request is approved by default. An employee could submit a Budget Transfer request during a time period when they know that the Budget Monitor is busy and unlikely to review the request resulting in default approval.

We recommend the District consider requiring the Budget Monitor, the BA, and the Department Head for each budget line affected to formally approve the transfer request without an automatic approval default. The default approval process for Budget Transfers creates the opportunity for budgeted funds to be misappropriated and allows for the internal controls around the budgeting process to be circumvented.

Structure of Grants Department

Currently, the Grants department management consists of the Grants Supervisor, Manager, and Accounting Manager. The Grants Supervisor is not responsible for researching and applying for new grants and does not manage all grants. The Grants Supervisor is only responsible for overseeing the No Child Left Behind (NCLB) grant and the Application for State School Aid (ASSA) grant. The researching and applying for federal and state grants is the responsibility of the Grants Manager. The decentralization of the

Financial Management *(continued)*

grants process may result in the misallocation of funds, non-use of funds, and reduction in future funding.

We recommend the District consider creating a central grants department to research, apply, and oversee all of the District's grants. A centralized grants department may allow for the Grants Supervisor and Manager to better manage their grants and the proper usage of allocated funds.

Tracking and Monitoring of Grant Funds

During our review, we were informed that the District sent back, to the government in 2005, approximately \$3 million of the NCLB grant. The grant was ineffectively managed and the remaining funds were required to be sent back. By sending back grant funds, the federal government may decrease the amount of NCLB funds given to the District the following year.

We recommend the District consider reviewing the current tracking and monitoring process to determine a more effective way to manage grant funds. We recommend that this process begin during the application when the request for funds is initially outlined. The more detail that is put into this process, the smoother the use of funds will be throughout the year.

Manual Process

We noted that the tracking process of the Supplemental Educational Services (SES) program is manual, cumbersome, and susceptible to error. More specifically:

- The Accounting Manager manually tracks approximately 2,000 students enrolled in the SES program on a monthly basis. The Accounting Manager reviews each student's attendance sheet, the vendor invoice, and manually inputs the information into an Excel spreadsheet. This process is the main responsibility of the Accounting Manager.

Manual processes present a high risk for intentional or unintentional errors. Attendance records may be recorded incorrectly and invoices may be paid inappropriately.

We recommend that the District assess if the manual processes can be automated. The District should consider automating the SES program to allow for student information to be automatically updated eliminating the manual process.



Facilities Management

Overview and Background

The Facilities Management Processes at the District consists of two primary areas: maintenance and janitorial. The Department comprises approximately 210 janitors, approximately 70 maintenance workers, 5 foreman, 3 inspectors, and 1 supervisor. The supervisor is currently acting as the Director for Facility Management.

The District is responsible for the maintenance and upkeep of each school and three District buildings, which comprises approximately 2.6 million interior square feet. The Department has approximately 50 District owned and operated trucks. Currently, the term facility plan is being reviewed by the Department of Education (DOE).

As part of our procedures, we developed a high-level understanding of the Facilities Management process. The following key sub-processes were identified as part of the Facilities department:

- Facilities Budget
- Overtime Approval
- Work Orders
- Supplies

We performed a walk-through of the appropriate sub-processes of the Facilities Management process to verify our understanding.

Summary of Observations and Recommendations

On the following pages, we present a summary of observations and recommendations related to the sub-processes listed above. We have titled each observation, provided a discussion of the circumstances surrounding the observation, and presented potential recommendations for consideration.

Standard Operating Procedures

Throughout the District and particularly within Facilities Management there is a lack of policies and procedures both in existence and implementation. The District Standard Operating Procedures (SOP) drafted and accepted for implementation in 2004 contains policies and procedures for Buildings and Grounds (section 21). We noted that there was a lack of knowledge of and compliance with the Buildings and Grounds SOP. The Acting Director is aware that the documented Buildings and Grounds SOP exists, but does not refer to it or ensure its enforcement. Without current SOPs in place that all affected employees are aware of, the District is exposed to potential inconsistencies and/or unauthorized or inappropriate expenditures, and safety measures that may not be followed could lead to potential lawsuits and/or worker's compensation claims.

We recommend that the District consider discussing the current Buildings and Grounds SOP with the Facilities Management department so that the Buildings and Grounds SOP may be revised as a reflection of current and best practices. Upon completion we recommend that a copy of the Buildings and Grounds SOP be distributed to all Facilities Management employees.

Segregation of Duties

An element of effective internal controls is the proper segregation of duties. The basic premise of segregating duties is to prevent situations where an employee has the ability to perpetrate an error or irregularity and to conceal it. Proper segregation of duties provides for a system of checks and balances such that the functions by one employee are subject to review through the performance of interrelated functions of another employee. In the course of our review of the Facilities department, we noted the following conflicting duties.

The Warehouse Manager is responsible for ordering, receiving, accepting, and documenting the receipt of goods. Orders are based on the Manager's knowledge of what supplies are needed. The Manager does not conduct any formal analysis to determine what supplies are required. The Manager is also responsible for signing for the goods upon delivery. This segregation of duties concern may lead to inventory being misappropriated.

This situation could result in an intentional or unintentional error or irregularity going undetected. We recommend such conflicting responsibilities be separated to the extent possible. Management should segregate the duties and responsibilities of the Warehouse Manager. The Warehouse Manager should not be able to receive, review, and enter the

Facilities Management *(continued)*

invoice for payment. Responsibilities may be segregated to eliminate the segregation of duties concern.

Management Oversight

We noted that there is no documented process for the Acting Director to determine the maintenance repair schedule for District buildings. The Acting Director of Facilities Management bases the maintenance repair schedule on the “institutional knowledge” of the inspectors and foremen. The inspectors and foremen inform, based on their knowledge, the Acting Director what maintenance repairs are needed at each location. The Acting Director does not verify that the repairs are needed. The inspectors and foremen could identify certain buildings as priorities for maintenance based on their own agenda (e.g., buildings where a family member works or attends school, buildings close to home, or jobs that have been completed recently so that the difficulty of the job is minimal).

In addition, the Acting Director relies on the “institutional knowledge” of the inspectors and foremen to ascertain the amount of overtime required for maintenance workers. The inspectors and foremen, without monitoring, may approve or identify larger amounts of overtime than required to reward favored employees or to increase the compensation of employees that they have befriended. The work associated with the overtime may not have been required and may not have even been completed.

We recommend that the District outline a process for identifying the facilities’ needs with regards to upgrades, repairs, and maintenance. Based on this list, the District should perform a cost-benefit analysis in order to rank the tasks in priority order. The tasks identified as having the highest benefit in relation to cost should be assigned as high priority and completed first.

Overtime Approval

It is District policy that overtime is approved prior to the overtime being worked. A standard overtime form is completed by one of the warehouse inspectors or foreman and approved by the Director of Facilities. The standard overtime form documents the amount of approved overtime to be worked by the Facilities employee. The Facilities employee may work more overtime hours than the approved overtime hours per the overtime form. The Director does not ascertain the reason why the additional overtime hours were worked and the employee is compensated for the additional overtime hours worked. In some instances, the supervisor of the employee may be verbally reprimanded for allowing the employee to work hours in excess of the stated approval. There is a risk that employees may work at

Facilities Management *(continued)*

their own discretion since there is no repercussion for working overtime resulting in unnecessary payroll expenditures.

We recommend that the Director of Facilities review overtime worked by facilities employees on a monthly basis to establish benchmarks. These benchmarks can identify when new employees need to be hired, the current staff could be downsized, or when potential abuse is taking place. Each pay cycle, the District should review all overtime approvals and compare the hours identified in the approvals to the hours charged. If the hours charged exceed the hours approved, overtime pay should be withheld until an amended approval form is submitted documenting why the additional hours were necessary; without this form, overtime pay should not be remitted.

Retail Purchases

The District allows for small purchases to be made at local hardware stores by Facilities Management. There is no dollar threshold and no documented list of employees who are approved to make these purchases. The Director of Facilities does not review the reason for the purchase. The District is at risk that the local hardware stores may be used for purchases that are not small or of immediate need. These purchases should be presented for quote or bid so that the District may obtain competitive pricing. Also, purchases could be made for personal use items.

We recommend that the Facilities Director consider reviewing and approving all purchases prior to being made at the local hardware store. To reduce the occurrences of review, the District may consider documenting a list of approved employees that may make purchases at local hardware stores with thresholds for individual purchases, monthly purchases by the individual and yearly totals allowed and entering into a contractual agreement with select local hardware stores. This list should be presented to the contracted hardware stores and employees should be informed that they will not be reimbursed for purchases in excess of the assigned thresholds.



Food Services

Overview and Background

The Food Services department at the District maintains one central location that oversees the food services for the 32 schools and the kitchen at the District Administrative Building. Food Services management comprises 1 supervisor, 2 specialists, 39 managers, and numerous café attendants. Food Services prepares approximately 3,000 breakfasts and 10,000 lunches per school day.

The Food Services department is a member of the South Jersey Food Service Co-op, which consists of approximately 40 school districts. The Co-op bids on food products and services that may be utilized by all the members of the Co-op. To approve a vendor it requires majority approval from the Co-op. The Co-op utilizes a third party to oversee the pricing of the winning vendors to verify that the purchase price is consistent with the bid price.

As part of our procedures, we developed a high-level understanding of the Food Services process. The following key sub-processes were identified as part of the Food Services department:

- Ordering and Receiving
- Inventory
- Types of Meals
- Deposits

We performed a walk-through of the appropriate sub-processes of the Food Services process to verify our understanding.

Summary of Observations and Recommendations

On the following pages, we present a summary of observations and recommendations related to the sub-processes listed above. We have titled each observation, provided a discussion of the circumstances surrounding the observation, and presented potential recommendations for consideration.

Standard Operating Procedures

Throughout the District and particularly within Food Services, there is a lack of policies and procedures both in existence and implementation. The District Standard Operating Procedures (SOP) drafted and accepted for implementation in 2004 contains policies and procedures for Food Services (section 22). We noted that there was a lack of knowledge of and compliance with the Food Services SOP. The supervisor of Food Services is aware that the documented Food Services SOP exists, but does not refer to it or ensure its enforcement. Without current SOPs in place that all affected employees are aware of, the District is exposed to potential inconsistencies and/or unauthorized or inappropriate expenditures.

We recommend that the District consider discussing the current Food Services SOP with the Food Services department so that the Food Services SOP may be revised as a reflection of current and best practices. Upon completion, we recommend that a copy of the Food Services SOP be distributed to all Food Services employees.

Manual Processes

We noted that the ordering and inventory process is manual, cumbersome, and susceptible to error. More specifically:

- The supervisor receives requests for food orders twice a week from schools. The food order request is manually completed by the Food Services manager for the school. The manager manually enters the item, the item ordering number, amount requested, and price of the item on the request form. The request form is submitted to the supervisor, who manually places the order.
- Food Services managers keep a manual inventory log for each school. The inventory log is submitted to the supervisor at the end of the month. The manager manually enters the beginning and ending inventory of each item, as well as the price of the item.

Manual processes present a high risk for intentional or unintentional misstatements. Food orders may be inaccurate resulting in excess food being purchased that may become waste or be stolen by employees.

We recommend that the District assess if the manual processes can be automated through the existing Food Services system. The District should assess the system's ability to generate additional internal controls to eliminate the manual processes.

Food Services Deposits

During our review, the deposit process for the kitchen in the District Administrative building was changed. The previous deposit process included the supervisor driving to the kitchen, picking up the money, driving back to the Food Services department, documenting the amount, and depositing the money into the bank. The new deposit process eliminates the supervisor's role. Money collected by the kitchen is now delivered to the Accounting Manager within the District building. The more people that handle the funds collected by food services, the higher the propensity for theft.

After the deposit process was changed, the supervisor arrived at the deli to pick up the money. The kitchen employees were aware of the process change and questioned the reason the supervisor was there and informed the Acting Business Administrator. The Acting Business Administrator needed to reaffirm the new deposit process to the supervisor.

General Observation

We recommend the District move forward with a complete overall redesign of the Food Services operation. In moving forward with an overall restructuring of the Food Services operation, KPMG identified the following two alternatives for consideration by the District.

- Restructure, Centralize, and Automate the Food Services Operation and Inventory Process – The District should replace the manual processes with an automated system with the appropriate automated controls. Additionally, consideration should be given to consolidating and centralizing the food preparation and reducing the number of commissary schools.
- Privatize the Food Services Process – The District should consider privatizing the Food Services operation, including the inventory process.

Prior to moving forward, the District should conduct a cost-benefit analysis to assess the optimum alternative for the District.

Regardless of which alternative is selected, a significant amount of cost savings will be achieved through the redeployment of resources, the elimination of manual processes, and consolidation of the cooking efforts.



Pupil Transportation

Overview and Background

The Transportation department at the District is responsible for providing transportation to approximately 16,000 students enrolled in the District schools. To accommodate the transportation needs of all students within the District, the Transportation department owns eight vehicles and contracts with six bus vendors. Of the eight District-owned vehicles, there are three large school buses and five vans.

The Transportation department maintains a \$9 million budget for the school year. Of the \$9 million budget, approximately \$7.5 million is paid to bus contracts and the remaining \$1.5 million is used for District employee's salaries. The District contracts out 210 bus routes, and the District pays \$30,000 – \$35,000 per bus route.

As part of our procedures, we developed a high-level understanding of the Pupil Transportation process. The following key sub-processes were identified as part of the Pupil Transportation department:

- Contracts
- Special Education Students
- Bus Passes

We performed a walk-through of the appropriate sub-processes of the Pupil Transportation process to verify our understanding

Summary of Observations and Recommendations

On the following pages, we present a summary of observations and recommendations related to the sub-processes listed above. We have titled each observation, provided a discussion of the circumstances surrounding the observation, and presented potential recommendations for consideration.

Standard Operating Procedures

Throughout the District and particularly within Transportation, there is a lack of policies and procedures both in existence and implementation. The District Standard Operating Procedures (SOP) drafted and accepted for implementation in 2004 contains a section for Transportation (section 12). We noted that there was a lack of knowledge of and compliance with the Transportation SOP. Without current SOPs in place that all affected employees are aware of, the District is exposed to potential inconsistencies and/or unauthorized or inappropriate expenditures.

We recommend that the District consider discussing the current Transportation SOP with the Director of Transportation so that the Transportation SOP may be revised as a reflection of current and best practices. Upon completion, we recommend that a copy of the Transportation SOP be distributed to all Transportation employees.

Tracking and Monitoring of Ridership and Routes

The Transportation department does not conduct a formal analysis on current student ridership and bus routes within the District. The Director of Transportation reviews the total of number of students for each bus route and reviews the capacity of each bus. In addition, the District starts school at 8:30 a.m. and ends school at 2:55 p.m. With all schools on the same schedule, buses may only run one route. This presents the potential for multiple buses to be completing routes with far less than the approved ridership capacity. These routes could be merged to reduce costs and increase efficiency.

We recommend that the Transportation department conduct a formal ridership analysis to determine if bus capacity is not being met with the current bus route. The analysis may decrease the number of bus routes within the District. The District should consider staggering the start and end times within the District to allow buses to run more than one bus route.

Vendor Contracts

Currently, the District maintains one-year contracts with six bus vendors. The contracts allow for unlimited renewals. The District renews the vendor contracts each year and the contract amount is increased based on the consumer price index. Transportation does not go out to bid because other bus vendors refuse to work in Camden.

Pupil Transportation *(continued)*

The District should conduct a formal cost-benefit analysis of multi-year contracts versus the cost of renewing contracts each year or purchasing additional buses, employing additional bus drivers, and leasing a yard for storing the additional buses. The District should look into offering the incentive of multiyear contracts to additional vendors to persuade them into coming into Camden and increasing competition amongst bidders.



Technology

Overview and Background

Technology at the District, prior to November 2006, was divided into two distinct departments.

- 1) Instructional Technology, led by a Director, is responsible for implementing and maintaining a technology support system for PreK–12 instruction. In this capacity, they provide two primary types of support:
 - The District's entire curriculum relative to its reliance on technology. Services provided include instructional computer curriculum support, distance learning and support, and collaboration with school-based technology planning.
 - The entire District's technology infrastructure, hardware, software, and network. Instructional Technology provides maintenance, installation, and network security and backup services in these areas.
- 2) Administrative Technology is responsible for implementing and maintaining the core applications that support the District's financial, HR, and other core administrative processes, including the System of Management of Administrative Records for Today (SMARTS) Financial Management and HR application as well as the District student data systems like the legacy Student Administrative Management System (SAMS) that is currently being replaced by the Genesys student data system implementation effort. Systems under the Administrative Technology Division are administered by a Data Processing Manager Analyst.
- 3) During our review, it was communicated to the team that the Instructional Technology Director was recently appointed to take the overall leadership of the Administrative Technology Division. The Data Processing Manager Analyst/SMARTS Administrator has plans to retire at the end of November 2006.

Summary of Observations and Recommendations

On the following pages, we present a summary of observations and recommendations related to the sub-processes listed above. We have titled each observation, provided a discussion of the circumstances surrounding the observation, and presented potential recommendations for consideration.

Absent or Incomplete Organizational Information Technology Policies

The District does not have the necessary documented policies to define the IT governance, strategic planning, organizational design, system development, and IT security approach for the District as a whole. The absence of these policies can contribute to inconsistency in policies and standards within IT divisions and the establishment of ineffective or inappropriate controls over core district applications and IT infrastructure. This in turn exposes the District as a whole to accidental or intentional misuse of its systems, financial resources, and confidential staff and student data. These overarching policies become especially important when entities, like the District, have IT functions that operate independently and are experiencing significant IT change or the loss of core staff and institutional knowledge. The following formal policies and plans are not documented and do not seem to exist within the District:

IT Strategic Plan – An IT Strategic Plan is the primary tool for defining an entity's IT vision, strategy, and goals in the short and long term. It generally discusses not only the types of activities the District would like to support from an IT perspective but also addresses the tools and applications that will be used to achieve the District's business goals. The plan also baselines the current shape of an entity's IT organization and describes the future organizational structure and human resource needs of the IT function. It also helps ensure that a District's applications interface, cooperate, and provide integrated management information in a way that meets the District's business vision. Effective IT Strategic Plans should also be revisited and updated on a regular basis. Without a defined IT Strategic Plan, the District risks funding and implementing conflicting or incompatible applications or allowing applications that could work well together to operate differently than other District application. An example of this is the SMARTS IT environment and policies, which seem to have been defined independently of other District IT policies and systems.

We recommend that the District create and document its IT Strategic Plan as soon as possible. The plan should provide the guidance and direction for all other District IT policies. It should include the elements mentioned above and contain as a core component the process by which the Plan will sustain itself over time. It should define the process for the creation and regular review of the District's IT strategy and identify the stakeholders that need to be involved in defining and approving the District's IT strategy

Documented System Development Lifecycle (SDLC) – A baseline and documented SDLC is a core component of any IT operation. It defines the appropriate phases, activities, and sign-offs that have to occur throughout any systems development process. SDLCs generally define and include the following phases:

- Planning
- Requirements Gathering
- Design
- Development
- Testing
- Implementation (and Training)
- Maintenance

A baselined SDLC provides assurance that all significant IT development efforts go through the same phases and controls. This helps ensure consistency of process, defines decision points, aligns activities, and generally reduces risk relative to IT Development activities. In the absence of a defined SDLC, the District risks inconsistencies and inefficiencies in its development efforts, which may potentially lead to a failed or stalled implementation. An example of this is the ongoing implementation of the Genesys Student Data System. This system was procured and is being rolled out into production in order to deliver critical reporting functionality for Federal DOE. At the same time it is being rolled out, users are being trained on the job to use the application, and the Camden Technology department is bringing Genesys users together to understand their business requirements and whether the Genesys application actually meets them.

We recommend that the District adopt and use a standard SDLC process to govern all its IT system implementations.

Disaster Recovery Plan – The absence of a formal disaster recovery plan may delay or prevent the District from restoring critical systems and processes after a significant event. A disaster recovery plan should contain all elements required to manage and restore critical systems in the event of a disaster. It should contain who has the authority to declare a disaster as well as a regular process for testing and refining the disaster recovery process.

We recommend that the District implement a District-wide Disaster Recovery Plan. The plan should be tested and refined on a regular basis. Results of regular disaster recovery testing should be retained by the District as well.

IT Training Plan – The absence of a formal training plan that is reviewed and updated every year based on the needs of the District, prevents the alignment of District training activities with new system implementations and existing user support concerns. Since training is a significant component of the Implementation phase of any standard System Development Lifecycle, lack of training, planning, and resources can prevent the successful implementation of strategic IT initiatives.

We recommend that the District implement an annual IT training plan and training function within its Technology Division.

Absent, Inappropriate, or Incomplete SMARTS Controls, Policies, and Documentation

The SMARTS system operates with an almost complete absence of technology controls and documentation. This pervasive lack of controls and procedures exposes the District to the risk of accidental or intentional misuse of SMARTS financial and human resource information. SMARTS administration procedures and controls are:

- generally undocumented
- sometimes applied inconsistently
- not aligned with the policies and procedures employed by other components of the Technology Division.

The recent decision of the Data Processing Manager Analyst/SMARTS Administrator to retire highlights another risk relative to the overall lack of documented SMARTS processes and controls. The District will lose many years of organizational and procedural knowledge with his departure and has no documentation to retrain new staff or verify the use of proper processes and controls after his departure. The following controls, policies, and procedures do not exist, appear to be ineffective, or are undocumented for the SMARTS application:

Establishment of User Access – User access policies and controls do not appear to be documented or applied consistently.

- **Lack of Standard Access Policies** – Lack of documented policies relative to user access allows for inconsistency in the way users are granted access to the SMARTS application. It also creates ambiguity relative to the standard review of access rights and permissions at the District. The lack of control in the area increases the risk that access and/or permissions in SMARTS will be established inappropriately. This increases the risk that inappropriate financial transactions will occur in the SMARTS application.
- **Inconsistency of Process** – Even though an access request form signed by a supervisor should be required before IT establishes SMARTS access or permissions, changes to access rights are sometimes made via verbal request with no supporting documentation. This increases the risk that inappropriate or conflicting access rights will be established and undermines the accountability and audit trail controls established by the access request form.

We recommend the formal establishment, documentation, and implementation of user access policies and controls for SMARTS.

Review of User Access – There are no documented processes or procedures for the regular review of general access or permission levels in the SMARTS application. Reviews to determine the appropriateness of access or segregation of duties do not seem to occur. The absence of monitoring increases the risk that users may have inappropriate or conflicting levels of access within SMARTS. This increases the risk of erroneous or potentially fraudulent activities occurring in the system. For example, without a regular review process, terminated employees may remain on city payroll after termination, or users may have inappropriate permissions to perform both Payroll and HR functions that should be segregated.

Additionally, there are profiles in the SMARTS application that allow all permissions in the application. These super-user profiles allow users to conduct all activities within the SMARTS application without any segregation of duties controls. This increases the risk of accidental or intentional misuse of the District's financial and human resource information. While this type of super-user access may be necessary for senior District leadership or the SMARTS administration team, the activities of these super-users should be monitored.

We recommend the formal establishment, documentation, and implementation of segregation of duties standards for SMARTS. A regular segregation of duties review process should be created and implemented. The District should conduct an initial review for segregation of duties issues as soon as possible to establish and correct any segregation of duties issues that currently exist.

Super-user activity should be monitored for appropriateness by an independent third party on a regular basis.

Password Policy and Controls – There is no documented SMARTS password policy or system-based rules to require industry-standard password controls. Additionally, SMARTS IT administrators can view every user password in the application. Generally, passwords are hidden from all staff to prevent potential fraud and abuse in the application.

The absence of password controls makes it easier for passwords to be guessed or hacked, increasing the risk of system abuse in SMARTS. Additionally, the ability to view user password information could allow a member of the SMARTS Administration team to log in and perform critical financial transactions using another business user's passwords and permissions.

We recommend the District adopt industry-accepted password standards for its SMARTS application. Examples of these include:

- Minimum 8 character length
- Required combination of alphanumeric characters
- Automatic password reset after 90 days
- Prevention of reuse of previous passwords.

Additionally, we recommend that all password information be encrypted at the SMARTS application and database level.

Disaster Recovery – There is no documented disaster recovery plan and no disaster recovery testing occurs. This increases the risk that the restoration of District core financial and HR services may be delayed or prevented in the event of a disaster.

We recommend the District create a SMARTS Disaster Recovery Plan and test its effectiveness on a periodic basis.

Patch Management and Application Updates – There is no documented patch management policy. The SMARTS vendor, CSI, publishes application updates on its Web site. It is the responsibility of each SMARTS user to proactively check the Web site and download any application updates themselves. The updates are not tested centrally by the SMARTS administration team for compatibility or other technical issues before their general release to the SMARTS users. There is no central monitoring to ensure that all SMARTS users have updated the necessary patches or that their version of the SMARTS application is up to date.

The lack of a patch management policy and the associated decentralization of responsibility to the user community for the administration of their own application updates create a significant risk that users may not download the patches they need on a timely basis. This creates a situation where the user community may have multiple versions of the application running in the production environment. This can inhibit the ability of the district to provide user support and impact processing of SMARTS transactions because a different version of the application can be running on each user's machine. Additionally, lack of testing before release to the general user community can allow compatibility and functionality issues to be implemented in production without adequate review.

We recommend the District document and implement a process whereby SMARTS application updates are centrally administered, tested, and monitored.

Help Desk Policies and Procedures – Though the SMARTS team provides a help desk, there are no formal help desk procedures.

Since procedures cannot be issued to the SMARTS user community, users may not understand what is required for them to seek assistance with SMARTS. Additionally, since the help desk process is undocumented, SMARTS help desk staff may not be capturing problems and resolutions consistently. This prevents knowledge sharing within the IT team about the

nature of and solutions to SMARTS issues. It may also inhibit the ability of the SMARTS team to find trends in user issues or manage the priorities of issues reported to them.

We recommend that the District establish standard help desk policies and procedures and implement a help desk tracking system for the SMARTS application.

Change Management – There is no documented change management process for SMARTS. There does not appear to be a formal process for documenting and approving change requests in the District.

Lack of a formal change management process introduces the risk that inappropriate or conflicting application changes may be approved and implemented. Audit trails for the change approvals are also lost.

We recommend the creation, documentation, and implementation of a formal change management process for SMARTS.

SMARTS Documentation and User Training – There is no training management plan for SMARTS users and very little formal training is offered to SMARTS users. Most training is conducted on an on-the-job basis. There does not appear to be any SMARTS documentation available to the user community or IT staff.

The absence of documentation for SMARTS inhibits the ability of users and IT staff to understand, support, and teach the actual functionality the SMART application delivers. The absence of a formal training plan inhibits the ability of the District to gather, understand, and attempt to resolve through training or system enhancement common user errors or system functionality gaps. This in turn promotes the continuation of user errors and unapproved workarounds in the application, which can impact the overall quality of the District Financial and HR processes.

We recommend that the District create or obtain from its vendor baseline documentation for SMARTS.

Audit Trail and Transaction Monitoring – A module to provide audit trails at the SMARTS transaction level was implemented in 2004. However, no documentation seems to exist for this functionality and the IT team was unaware of its specific functionality and whether it was being widely used by the overall SMARTS user community.

This module was implemented to help provide transparency and increased accountability in the SMARTS application. If it has been implemented but is not generally understood by the SMARTS user community, the ability of the District to proactively monitor and analyze its core financial and HR processes is compromised. This can prevent the discovery of user errors and potentially fraudulent activities. In addition, it appeared unusual that the District purges data at the end of each year; although the information is backed up on tape, it is not accessible in the system.

We recommend that the District obtain documentation for the SMARTS audit trail and transaction monitoring module. The District should also assess the degree to which the module is understood and being utilized by its staff and implement refresher training to help ensure workers are using the functionality appropriately. The District should also revisit the purging procedures to help ensure appropriate level of data is maintained in the system to support expenditures.

Physical Access to the SMARTS Team Administrative Site – When visiting the SMARTS team location, it was noted that the back entrance was unlocked. Additionally, while backup tapes were secured in a vault, the door to the vault is left open during the day.

These factors create the risk that individuals could enter the office or vault and damage or remove the backup tapes or hardware. Backup tapes, if removed, could be used to view confidential data of District staff. Damaged backup tapes could delay or prevent restoration of SMARTS service.

We recommend that all entrances and the walk-in safe in the SMARTS team location be kept locked. IT staff and District security personnel should monitor the security of the entrances and walk-in safe throughout the day.

Autonomy of Administrative Technology and SMARTS Policies and Procedures – Generally, SMARTS policies and procedures seem to have been developed independently of the larger District IT policies and procedures.

This has helped contribute to both an absence of formal policies for the SMARTS application and disconnects between the District's standard IT procedures and those employed by the SMARTS team.

We recommend that all existing or newly created SMARTS policies, procedures, and controls align with District-wide IT policies and standards.

District Network Policies and Controls

District Network Access and Security controls are generally in place but there is opportunity for improvement.

Network Access Reviews – The Network Administration team uses District retirement lists and board meeting minutes to determine which users to remove from the network. However, regular proactive reviews of network permissions are not conducted. These reviews would provide an additional layer of assurance that unauthorized users do not continue to have inappropriate network access.

We recommend the District conduct periodic reviews of network permissions in addition to its other network access controls.

Remote Access Controls – Remote Access Is Granted via VPN to the District Network – Though procedures exist for granting remote access and the number of users with VPN access is reportedly low, the District's formal Remote Access Policy is undocumented. The absence of a documented policy increases the risk that remote access could be granted without proper controls.

We recommend the District document its remote access policy to help ensure the same controls are applied consistently to anyone requesting remote access.

Back-up Processes – The e-mail server and some file servers are backed up daily in a Storage Area Network (SAN). The District uses Veritas to back up critical files to tape. These tapes are stored in a secure data center. Though backup procedures exist, they are not formally documented.

We recommend that District-wide backup and recovery procedures be formally documented to help ensure that backup processes and responsibilities are consistently defined and implemented. These procedures should describe a regular backup and recovery testing process for all of the District's systems.

System Administration Policies and Procedures – There is no consolidated document that describes all District IT policies and procedures. The absence of IT policy centralization in a document or intranet makes it more difficult for IT practitioners and application users to locate and comply with District-wide IT policies. This increases the risk that they may create policies that are out of compliance with District standards.

We recommend that the District consolidate all of its system administration policies into a single consolidated document or Web site. This document should contain policies and standards like the following:

- System and Network Access Policies
- Help Desk Policies
- Virus Protection and Patch Management
- Acceptable Use and Internet Policies
- Network Monitoring Policies
- Backup and Recovery
- Privacy and Data Confidentiality Policies
- Password Rules

The document or Web site should also define the process by which the standards it contains will be reviewed and updated on a regular basis.



Purchasing

Overview and Background

The Purchasing department at the District consists of one Director and five Purchasing clerks. The Director of Purchasing is also the Acting Assistant Business Administrator. The Purchasing department is responsible for setting up the Request for Proposal (RFP) and Bid process. The Purchasing department is also responsible for the purchasing of goods and services for the schools, supplies warehouse, maintenance warehouse, and the Administrative building. The District utilizes the SMARTS system to create purchase orders (POs) and it is integrated with Accounts Payable.

As part of our procedures, we developed a high-level understanding of the Purchasing process. The following key sub-processes were identified as part of the Purchasing department:

- Purchase Requisitions
- Vendor Master File
- Request for Proposal
- Travel and Expenses

We performed a walk-through of the appropriate sub-processes of the Purchasing process to verify our understanding

Summary of Observations and Recommendations

On the following pages, we present a summary of observations and recommendations related to the sub-processes listed above. We have titled each observation, provided a discussion of the circumstances surrounding the observation, and presented potential recommendations for consideration.

Standard Operating Procedures

Throughout the District and particularly within Purchasing, there is a lack of policies and procedures both in existence and implementation. The District Standard Operating Procedures (SOP) drafted and accepted for implementation in 2004 contains a section for purchasing (section 23). We noted that there was a lack of knowledge of and compliance with the Purchasing SOP. The Director of Purchasing is aware that the Purchasing SOP exists and that the Purchasing SOP has not been distributed within Purchasing or the District. Without current SOPs in place that all affected employees are aware of, the District is exposed to potential inconsistencies with regard to documentation, approval, and vendor selection and/or unauthorized or inappropriate expenditures.

We recommend that the District consider discussing the current Purchasing SOP with the Purchasing department so that the Purchasing SOP may be revised as a reflection of current and best practices. The Purchasing SOP should include a list of employees authorized to approve/submit purchase requisitions as well as a documented policy stating the threshold amount for each authorized employee. Upon completion, we recommend that a copy of the Purchasing SOP be distributed to all Purchasing employees, Accounts Payable employees, and all employees identified on the list authorized to approve/submit purchase requisitions.

Documentation

Purchase requisitions are required to be approved by an Assistant Superintendent and the Business Administrator (BA). We noted that Purchasing does not maintain a list of approving signatures, such as the Assistant Superintendents and the Business Administrator. Without a documented list of approving signatures, a purchase requisition may be processed without the proper approvals resulting in unauthorized and/or inappropriate expenditures.

Copies of purchase requisitions are maintained by the purchasing department. A copy of the requisition is not provided to Accounts Payable (A/P) and is not maintained within the purchase order (PO) package. The exclusion of this document from the PO package makes it less likely that an A/P clerk would compare the purchase requisition to the PO and/or the invoice.

We recommend the District consider documenting and maintaining an approval matrix and a list of approving signatures to mitigate the risk of purchase requisitions being processed without the proper approvals.

Circumventing the Purchasing Process

We were informed that it is common for schools to circumvent the purchasing process. A school may order goods or services from a vendor without completing the proper paperwork and receiving the necessary approvals. An invoice is received for an unauthorized purchase without a copy of the purchase order, because the purchase order does not exist. A purchase requisition is generated after the invoice is received. A check is processed and the invoice is paid. The District does not reprimand the school for circumventing the purchasing approval process. This process puts the District at risk of unauthorized and inappropriate purchases being made where the District has no choice but to pay the vendor because their previous actions have established a precedent that allows individuals within the District outside of the purchasing department to act as agents of the District.

We recommend the District consider documenting the proper purchasing procedure and distributing it to each school. Also, the District should enforce the distributed procedures and reprimanding any school that attempts to circumvent the process; depending on the severity of the deviation from the documented policies and procedures, the District should consider holding the requesting individual personally liable for the amount of the purchase.

System Access

Purchasing clerks have the system access capability to change the expense account number for a purchase requisition in the system without management approval. Also, the Interim Assistant Business Administrator, who is also the Director of Purchasing, has the capability to override system controls to increase the purchase order (PO) amount. The ability to change the PO amount should be limited to the approver, so that payment amounts can not be revised and still appear to reconcile to the approved PO. A revised PO amount could make an unauthorized payment appear authorized.

In addition, we noted that emergency POs may be generated without an approved purchase requisition. The approved purchase requisition is not required to be received after the emergency PO is created in the system. We also noted that the system does not distinguish emergency POs from regular POs. By not differentiating between emergency situations and situations that arise as part of the normal course of business, the District is exposed to the risk that any purchase that does not have a requisition may be identified as an emergency to account for the missing documentation. This could result in unauthorized and/or inappropriate expenditures being

made without an audit trail indicating why the purchase was made and who made the purchase.

We recommend a review of system access be completed by the BA and Director of Purchasing. The Director of Purchasing and the BA should identify what access level each member of the Purchasing department should have with final approval coming from the BA. The BA and Director of Purchasing should work with the Director of Technology to ensure that system access rights are updated for all employees and that a review of system access is performed on a consistent basis. All employee system access should be reviewed to confirm that there are no instances where an employee has access that could violate segregation of duty and/or system access controls.

Also, we recommend that the District consider upgrading the current Purchasing system to integrate more controls and monitoring over the PO process.

Management Oversight

We noted that the District utilizes manual purchase requisition forms. The forms are completed by the requesting school and approved by an Assistant Superintendent and the Acting Business Administrator. During our Purchasing walk-through, we were informed that the purchase requisitions are not being reviewed prior to being approved. Currently, the Director of Purchasing is reviewing the line items for each purchase requisition. So, incorrect account numbers and inappropriate purchases are being approved. For example, during our walk-through, the Director of Purchasing showed us a purchase requisition for school supplies (i.e., pens, pencils, etc.) and a request for a \$250 paper shredder.

We recommend the District consider implementing an approval matrix. An approval matrix eliminates the approval required by an Assistant Superintendent and the Business Administrator for small purchases. This will allow for a more detailed review by the approver.

Vendor Master File

The vendor master file is maintained by the Purchasing department. The Director of Purchasing and the Purchasing clerks have the ability to add new vendors to the vendor master file. Purchasing clerks may add a new vendor without management approval and the Director of Purchasing does not review the newly added vendors to ascertain that the vendor addition was authorized. Vendors may be added that have not gone through the appropriate approval process to confirm quality, reliability, stability, and

competitive pricing. The addition of inappropriate vendors may lead to vendors receiving payments for services never performed or services performed that do not meet the District's requirements for quotations, bids, and quality.

The District does not always require a potential vendor to provide requisite tax information for identification purposes prior to the addition of the vendor to the vendor master file. This information is needed to properly report appropriate disbursement activity to the Internal Revenue Service (IRS) and other tax authorities. The current system does not require a Tax Identification Number (TIN) or Employee Identification Number (EIN) to approve payment to a vendor. There may be tax implications by not providing the appropriate governmental agencies with disbursement activity for their vendors.

We recommend the District consider automating internal controls in the vendor master file. The District should modify its vendor establishment procedures to ensure that required and accurate vendor tax identification information is provided prior to adding the vendor to the vendor master file. The District should also consider implementing a policy requiring a thorough background check on all professional service providers and other vendors that will provide goods or services to the District.

Inventory of Purchases

We noted that the Purchasing department does not maintain an inventory record of purchases made and sent to each school. Inventory sent to schools is not tracked or monitored by the Purchasing department. The Purchasing department has a difficult time assessing if a purchase is essential due to a lack of an inventory system. The lack of an inventory system limits the Purchasing department from adequately performing its job. For example, the District purchased 10 teacher edition geometry books and the District only has eight geometry teachers. A documented inventory log with set standards for replenishment would reduce the opportunity for theft and would enhance the chance that potential theft would be detected.

We recommend that the District implement an inventory system to track purchases made. An inventory system allows for the Purchasing department to assess the reasonableness of requests made by schools throughout the District. An inventory system can monitor and track purchases made and which school received the purchase.



Inventory and Fixed Assets

Overview and Background

Fixed Assets is a division of the Purchasing department and it comprises the Property Manager, Warehouse Manager, four truck drivers, two warehouse foremen, and one secretary.

Inventory is delivered to the warehouse or directly to the requesting school. Items over a predefined amount of \$1,000 are tagged and recorded by the Property Manager. The Property Manager is responsible for tagging, recording, tracking, and disposing of District assets.

As part of our procedures, we developed a high-level understanding of the Inventory and Fixed Asset process. The following key sub-processes were identified as part of Inventory and Fixed Assets:

- Tagging Process
- Tracking and Monitoring Assets
- Receiving Process
- Reconciliation of Inventory
- Disposal Process

We performed a walk-through of the appropriate sub-processes of the Inventory and Fixed Asset process to verify our understanding

Summary of Observations and Recommendations

On the following pages, we present a summary of observations and recommendations related to the sub-processes listed above. We have titled each observation, provided a discussion of the circumstances surrounding the observation, and presented potential recommendations for consideration.

Inventory and Fixed Assets *(continued)*

Standard Operating Procedures

Throughout the District and particularly within the Fixed Assets division of Purchasing, there are documented policies and procedures. The District Standard Operating Procedures (SOP) drafted and accepted for implementation in 2004 references policies and procedures for tracking fixed assets. The policies and procedures are not distributed to the Property Manager or the Warehouse Manager and staff. Without current SOPs in place that all affected employees are aware of, the District is exposed to potential inconsistencies and/or unauthorized or inappropriate expenditures.

We recommend that the District consider distributing the SOP to the Property Manager, Warehouse Manager, and the warehouse staff for a detailed review. Based on this review, the District should revise the SOP and then distributing it throughout the District to all employees that may need to complete a requisition for supplies or other assets.

Segregation of Duties

An element of effective internal controls is the proper segregation of duties. The basic premise of segregating duties is to prevent situations where an employee has the ability to perpetrate an error or irregularity and to conceal it. Proper segregation of duties provides for a system of checks and balances such that the functions by one employee are subject to review through the performance of interrelated functions of another employee.

In the course of our review of Inventory/Fixed Assets, we noted segregation of duties concerns relating to the recording, tracking, reconciling, and disposing of the District's assets. The Property Manager is responsible for tagging, recording the asset into Info-Bid (the District's asset inventory system), removing disposed items from Info-Bid, and reconciling the inventory list in Info-Bid to the inventory list of each school. Without proper segregation of duties there is the potential for assets to be taken from the District for personal use without the disposition of the asset being recorded or without the asset ever having been recorded as part of inventory.

We recommend such conflicting responsibilities be separated to the extent possible. Management should segregate the duties and responsibilities of the Property Manager. The Property Manager should not be able to record, track, reconcile, and dispose of the District's assets.

Inventory and Fixed Assets *(continued)*

Ordering of Inventory

The Warehouse Manager is responsible for the ordering of school and educational supplies. The ordering of supplies is not based on a documented inventory log; rather the knowledge of the Warehouse Manager based on a visual inspection of the warehouse storage shelves. A documented inventory log with set standards for replenishment would reduce the opportunity for theft and would enhance the chance that potential theft would be detected.

We recommend that the District review the ordering process to identify minimum levels of supplies on hand. The District should expand the capabilities of the current inventory system to include the tracking of supplies received at the warehouse and distributed to schools with automated updates indicating when supplies should be replenished.

Safeguarding of Inventory Records

Inventory files are maintained by the Warehouse Manager in an unlocked area of the warehouse. The files are easily accessible by anyone and the warehouse may be infested with vermin. Unprotected inventory files allow for the opportunity for theft of documentation or inappropriate changes being made to the documentation to cover for theft of supplies or assets.

We recommend the District maintain historic inventory files in a safe and secure location. Going forward, the District should consider maintaining all inventory records electronically and safeguarding the historic records by retroactively recording them into the inventory records. To safeguard against the infestation issue, we recommend the District scan all inventory records and maintain the files on backup tapes, which will require less storage space and allow for the cleaning of the current storage facility.



Appendix A

The following pages contain detailed descriptions of the various functions considered during this review. The matrices contain procedures, related controls and observations for various processes, including:

- Accounts Payable
- Payroll
- Human Resources
- Financial Management (including Student Activities, Grants Management, and Budget)
- Facilities Management
- Food Services
- Pupil Transportation
- Technology
- Purchasing
- Inventory and Fixed Assets

Accounts Payable		
Procedures	Key Controls	Observations
<p>Payment of Invoices</p> <ol style="list-style-type: none"> 1. When the Purchasing Department creates a PO, one copy of the PO (green copy) is sent to Accounts Payable. The gold and yellow copies of the PO are sent to the vendor and the pink copy is sent to the school. 2. Once the PO is received, it is date stamped and distributed to the Accounts Payable clerks. The vendor invoices designated to each clerk are based on alphabetical order. 3. All mail and invoices received are time stamped upon arrival in the Accounts Payable office. <p>Review of Invoices</p> <ol style="list-style-type: none"> 4. The clerk verifies that the PO has the proper approvals, account code, and enough room in the budget. The Accounts Payable Manager maintains a stamp of the Business Administrator's signature, which is used to approve the PO. The Accounts Payable Manager is required to sign the signature stamp out of the Business Administrator's office, but it is not enforced. 5. If the PO is not properly completed (i.e., missing signature or incorrect account code), the PO is given to the Accounts Payable Manager. The Accounts Payable Manager is responsible for getting the PO completed. 6. The PO and invoice are put together and included in the "ready for payment" packets. The packets are data entered by the Accounts Payable clerks. 7. The Accounts Payable Manager and Specialist review the packets once they are data entered. 8. At the end of the month, the Accounts Payable clerks prepare the vendor bill lists. There are two vendor bill lists created. One vendor bill list is a list of bills to be paid from the general fund that are ready to be paid, and the other vendor bill list is a list of grant payments ready to be paid. 	<ol style="list-style-type: none"> 1. When Accounts Payable receives invoices, they are time stamped to document what day and time the invoice was received. 2. The Accounts Payable clerks review the PO for completeness and accuracy. 3. POs are matched to the vendor invoice. 4. The payment packets are reviewed by the Accounts Payable Manager and Specialist. 	<ol style="list-style-type: none"> 1. The Accounts Payable clerk who is responsible for reviewing the PO receives the vendor invoice and enters the vendor invoice for into the system. 2. There is no formal review and approval over the Vendor Bill List.

Accounts Payable		
Procedures	Key Controls	Observations
<p>Packets are reviewed by the Accounts Payable Manager.</p> <p>Board Approval</p> <p>9. The Accounts Payable clerks review the vendor bill lists for any errors.</p> <p>10. The vendor bill lists are presented at the monthly Board Meeting. The Board reviews all vendor payments.</p> <p>11. The Accounts Payable Department cannot issue any checks until the Board approves the vendor bill list.</p> <p>12. After the Board approves the payments, Accounts Payable contacts Data Processing, which maintains the check stock, and the check-run is started.</p> <p>Check Runs</p> <p>13. Check-runs are completed on the first Monday after the monthly Board meeting.</p> <p>14. The checks are automatically signed by the School BA and President of the Board using a signature plate.</p> <p>15. The checks are sent back to Accounts Payable where the clerks sort the checks and prepare the checks for mailing.</p> <p>16. Accounts Payable maintains a stamp for the Treasurer of School Monies, and each check must be stamped with the Treasurer's signature.</p> <p>17. No check stubs are maintained; rather a label for each check is attached to the PO. The labels are system generated and include vendor name, check number, account number, PO number, and amount paid.</p> <p>Manual Checks</p> <p>18. When a manual check is needed, the Accounts Payable Manager contacts Data Processing to produce a manual check.</p> <p>19. The manual check matches to the corresponding PO, and</p>	<p>5. The Board approves the vendor bill lists before payments are processed.</p> <p>6. The check numbers are computer generated and sequentially numbered.</p> <p>7. The check label is maintained and attached to the PO to verify that payment was made to the vendor.</p> <p>8. Accounts Payable will match the manual</p>	<p>3. Data Processing does not receive the Board approved Vendor Bill List to verify which vendor invoices were approved for payment.</p> <p>4. Checks are reviewed after the checks are printed with the automatic signatures.</p> <p>5. The Accounts Payable Department maintains a signature stamp for the Treasurer of School Monies. The Accounts Payable clerks use the Treasurer's signature stamp for each Accounts Payable check.</p> <p>6. No check stubs are maintained; rather a label for each check is attached to the PO</p> <p>7. There is no documented review of the match between the PO and the manual check.</p>

Accounts Payable		
Procedures	Key Controls	Observations
<p>the funds come from the General Fund or the Special Revenue Fund (Grant Fund).</p> <p>20. Accounts Payable has the ability to request and process manual checks without Board approval, but the Board reviews all check including manual checks, at months end.</p> <p>Emergency POs</p> <p>21. The Business Office signs off on a PO for an emergency payment. POs for emergency payments still go through the normal Accounts Payable process; however, the purchase requisition is received after the PO is created.</p> <p>22. If the PO is properly completed, the clerks match the PO to the vendor invoice.</p>	<p>check to the PO.</p> <p>9. Board reviews all checks before they are issued.</p>	<p>8. Accounts Payable has the ability to request and process manual checks without Board Approval.</p>

Accounts Payable		
Procedures	Key Controls	Observations
<p>Manual Edits</p> <ol style="list-style-type: none"> Accounts Payable clerks match the payment amount per the PO to the payment amount per the vendor invoice. Accounts Payable clerks also verify that the vendor's information (i.e., name, address, etc.) is accurate. When the payment amount per the PO is greater than the amount per the invoice, the clerk manually edits the amount on the PO and enters the amount to be paid. The clerk does not initial or sign the PO after the manual edit has been made The edited PO is included in the "ready for payment" packets. These packets are data entered by the Accounts Payable clerks into SMARTS. When the payment amount per the PO is less than the amount per the invoice, the PO and invoice should be sent to the Accounts Payable Manager and Specialist. If the account code has additional funds available, then the Accounts Payable Manager processes the payment. When the budget does not have additional funds, the Accounts Payable Manager contacts the Comptroller. The Comptroller must give authorization for payment before the invoice can be paid. The Comptroller finds another account code to charge the additional amount. The Comptroller does not sign off on the invoice, rather just gives another account code to be used. This generally happens at the end of the school year as schools try to spend their remaining budget. 	<ol style="list-style-type: none"> The vendor invoice amount is matched to the PO amount by the Accounts Payable clerk. The edited POs are reviewed with the other POs in the ready for payment packets. Accounts Payable clerks receive approval from the Comptroller to change the PO account number 	<ol style="list-style-type: none"> Payment amount per the PO may be edited by the Accounts Payable clerk without management approval. The Accounts Payable clerk does not initial or sign the PO after making the manual edit. Accounts Payable clerks may increase the amount of the PO without management approval. Accounts Payable management is aware of this capability by the clerks. The Comptroller does not formally document the changes and approval The policies and procedures are not enforced. This allows for schools to request goods and services that total more than their budgeted amount.

Accounts Payable		
Procedures	Key Controls	Observations
<p>Tracking and Monitoring</p> <ol style="list-style-type: none"> 1. Currently, there are approximately 20-25 POs open over 120 days. If Accounts Payable has not received the pink copy of the PO and/or a vendor invoice, the PO is considered open. The pink copy of the PO is sent by the requesting school to verify the goods or services were received. 2. The SMARTS system does not have the ability to run aging reports for POs open for more than 120 days. The Accounts Payable Manager goes into the system and extracts POs open longer than 120 days on a monthly basis. 3. The Accounts Payable Manager distributes the list of POs open for over 120 days to the Accounts Payable clerks, the Head of Purchasing, and the Business Administrator. The Accounts Payable Manager, the Head of Purchasing, and the Business Administrator try to determine, in speaking with the requesting school, the reasoning for each of the open POs. 4. The Accounts Payable clerks send a list to each school with the open PO for that school. The schools Principal is required to inform Accounts Payable as to the reason why the PO is still open. <p>Closed POs</p> <ol style="list-style-type: none"> 1. Any PO amount under \$100 is closed by the Accounts Payable Department after 60 days. Accounts Payable clerks will review open POs in the system to determine which POs may be closed. 2. When a vendor submits an invoice for a closed PO, it is received by Accounts Payable. The Accounts Payable Manager or Specialist creates a new PO in the system. The new PO references the closed PO number. 3. When this happens, Accounts Payable notifies Purchasing 	<ol style="list-style-type: none"> 1. Accounts Payable Manager manually creates an aging report on a monthly basis of POs open for more than 120 days. 	<ol style="list-style-type: none"> 1. The Accounts Payable Manager and Specialist have the ability to create POs in the SMARTS system. 2. Accounts Payable does not formally notify Purchasing that a PO was created by Accounts Payable.

Accounts Payable		
Procedures	Key Controls	Observations
<p>that they created a PO.</p> <p>4. Accounts Payable processes the invoice for payment.</p>		

Payroll		
Procedures	Key Controls	Weaknesses/Issues
<p>New Hire Process</p> <ol style="list-style-type: none"> Each month payroll reviews the Board Resolution to identify the list of approved new hires. The Acting Payroll Specialist logs into SMARTS as the Data Operational Specialist for HR and inputs an account number for each approved new hire based on their job title. SMARTS automatically populates the salary information based on predefined tables. The account number is a unique identifier that matches the employees' job title and step level to a predefined salary amount. Job titles and salary information are input by the HR Manager and the account numbers are input by the Payroll Specialist. Employees may elect to enroll in one of the 401(k) plans. The employee must select one of the available plans and complete the corresponding enrollment form for that vendor. The completed form is sent to payroll for processing. After the new hire information is input into SMARTS, it is reviewed by the Acting Payroll Specialist. <p>Session Employees</p> <ol style="list-style-type: none"> Session employees (i.e., sport coaches) are paid through Accounts Payable. Payments to session employees are made through the appropriate fund (i.e., school athletic fund). A purchase order is created for session employee payments. Payment rates are based on the Camden Education Association (CEA) contract. Each session employee is required to complete a payment form which is approved by the Principal and the Superintendent. See w/p _____. <p>Overtime</p> <ol style="list-style-type: none"> For overtime, the employee's attendance sheet is approved by 	<ol style="list-style-type: none"> Employee salaries are automatically populated based on the account number. The Acting Payroll Specialist reviews new hires entered into the system. The payment form is approved by the Principal and the Superintendent. Overtime attendance sheets are approved by the HR Director and the Business 	<ol style="list-style-type: none"> Human Resources does not communicate a list of new hires to payroll. Management does not match the new hires in the system to the Board minutes. There is no control to eliminate overtime being

Payroll		
Procedures	Key Controls	Weaknesses/Issues
<p>their Director and sent to HR.</p> <p>2. The HR Director and the Business Administrator review and approve the overtime attendance sheet and sign off on it.</p> <p>Changes to Employee Salaries</p> <p>1. Raises for all union employees are based on the negotiated contractual amount with no consideration given to merit.</p> <p>2. Each year, all District union workers are up for reappointment from the Board.</p> <p>3. Upon Board approval of the reappointments, the HR clerk logs into the system and changes the salary account number. The salary increase is automatically updated based on the salary account number. The salary is prepopulated based on job code.</p> <p>4. Pay increases for nonunion employees are approved by the Board. A Board resolution is created and reviewed by HR. HR notifies Payroll of the pay increases.</p> <p>Terminated Employees</p> <p>1. Payroll is notified by the HR Data Operational Specialist of a pending termination. A pending termination is when an employee has more than six consecutive unexcused absences. The Acting Payroll Specialist manually puts the paycheck on hold.</p> <p>2. HR is notified of a termination and the HR clerk logs into SMARTS and changes the employee status to terminated. The Acting Payroll Specialist reviews the Board minutes to verify the employee was terminated. The employee will be terminated in the Payroll system by the Acting Payroll Specialist.</p> <p>3. A final paycheck is issued by payroll after the termination date.</p> <p>4. The Acting Payroll Specialist logs into SMARTS and terminates the employee. After the employee status is terminated in SMARTS, no paychecks can be issued.</p>	<p>Administrator.</p> <p>5. Reappointments for union workers are approved by the Board.</p> <p>6. The salary increase is automatically populated based on the account number.</p> <p>7. Payroll verifies that employees are terminated by reviewing the Board minutes.</p> <p>8. SMARTS does not allow payroll checks to</p>	<p>processed without the proper supporting documentation.</p> <p>4. The HR Data Operational Specialist is the same person as the Acting Payroll Specialist.</p> <p>5. There is no review or approval after an employee is terminated in SMARTS.</p>

Payroll		
Procedures	Key Controls	Weaknesses/Issues
<p>Check Runs</p> <ol style="list-style-type: none"> Once the Payroll clerks are finished with inputting the payroll data (i.e., 401(k) deductions) into SMARTS, payroll informs Data Processing to begin the trial check run process. The Payroll clerks prints an Excel report for each Department detailing the employee name, ID number, payment amount per employee, and total amount paid for the Department. The Excel report is manually created by a Payroll clerk. Data Processing runs the trial check run from SMARTS. The trial check run generates a report that details the Department, the total number of checks, and the total amount paid for each Department. The Acting Payroll Specialist matches the Data Processing report to the Excel report created by the Payroll clerk. The Acting Payroll Specialist verifies that the amount per the Data Processing report matches the Excel report created by the Payroll clerk. After Payroll approves the trial check run, Data Processing completes the check run. The payroll checks are sent to Payroll to be mailed by the Payroll clerks. Payroll checks have an electronic signature of the Treasurer of School monies. The electronic signature is posted by Data Processing. The check stocks are maintained by Data Processing. The payroll clerks prepare the checks to be mailed out. Reconciliations are not completed by the Payroll Department. This responsibility is outsourced to a third party who was recommended by the former Business Administrator. There is no contractual agreement between this individual and the District. The third party has access to confidential and sensitive payroll and personal information. 	<p>be run after the employee is terminated.</p> <ol style="list-style-type: none"> A trial check run is completed by Data Processing, and payroll verifies that the payroll amount is accurate per the trial check run. The totals from the trial check run are reviewed for accuracy by the Acting Payroll Specialist. 	<ol style="list-style-type: none"> The Acting Payroll Specialist does not formally review / approve the verification of the trial check run. Payroll does not complete the reconciliations. The reconciliations are outsourced to a third party.

Payroll		
Procedures	Key Controls	Weaknesses/Issues
<p>Voided Checks</p> <ol style="list-style-type: none"> 1. Data Processing is responsible for voiding payroll checks for each payroll check run. 2. Data Processing marks the voided checks with a red line through them. The voided checks are not marked "Void." 3. A manual log of voided checks is maintained by Data Processing, not payroll. 4. All voided payroll checks are maintained in a box under the Acting Payroll Specialist's desk. 	<ol style="list-style-type: none"> 11. Data Processing maintains a manual log of voided checks. 	<ol style="list-style-type: none"> 8. The vault where the check stock is maintained is left open during the day. 9. Voided checks are not marked "Void." 10. The manual log of voided checks is documented on a piece of cardboard in Data Processing. 11. There is no policy on how to discard voided checks.

Human Resources		
Procedures	Key Controls	Weaknesses/Issues
<p>New Hire Process</p> <ol style="list-style-type: none"> 1. When a position is open at a school, the school reviews the budget to ascertain if the budget has enough funds for the open position. 2. After the school determines the funds are available within the budget, the school completes the Staffing Request form (see w/p _____), which is sent to HR. 3. HR publicly advertises the position for 30 days. 4. HR receives resumes and determines which resumes are qualified for the position. 5. The qualified individuals are brought into HR to complete the necessary paperwork. (see w/p _____ for the new hire checklist) 6. A background check is performed by HR (see w/p _____) 7. The qualified individuals are brought in for an interview. The interview is conducted by a committee of District employees (i.e., Manager of HR); a different committee is used for each interview. 8. The committee scores each interviewee. The top two or three interviewees are recommended to the Superintendent. The Superintendent interviews the individuals and recommends one individual for hire. 9. The recommended individual is included on the Board agenda by the Superintendent's secretary. The name, position, salary, address, and phone number of the individual are put onto the Board agenda. 10. The Board reviews the list of recommended new hires and either approves or rejects the recommend new hires. 11. The meeting minutes are sent to HR.(see w/p _____) 12. The HR clerk reviews the Board minutes. The HR clerk calls the individuals to notify them if the employee has been 	<ol style="list-style-type: none"> 1. The Staffing Request form is completed by the school prior to HR approving the open position. 2. Employee paperwork is maintained in a HR file with a checklist which notes the completed files and a background check is performed. 3. New employees are approved by the Board. 	<ol style="list-style-type: none"> 1. There is no formal scoring standard utilized by the District. 2. There is no defined interview committee. 3. HR does not review the Board agenda for new hires after the agenda is prepared by the Superintendent's secretary. Some new hires and the transition team, which were not approved by HR, were included on the agenda by the secretary.

Human Resources		
Procedures	Key Controls	Weaknesses/Issues
<p>approved or rejected by the Board.</p> <p>13. The HR clerk receives the new hire's personal information from the completed HR file. The information per the HR file (i.e., name, address, social security number, etc.) is input into SMARTS by the HR clerk.</p> <p>14. The employee is automatically enrolled in the District Benefit plan. The plan does not require a deduction from employee salaries as the employees receive full benefits.</p> <p>Attendance</p> <p>1. Each school has an electronic swipe-card system and a manual sign-in sheet.</p> <p>2. Teachers do not use the electronic swipe-card system but sign-in each morning on the sign-in sheet. The sign-in sheet is signed by the preparer (i.e., school clerk) and it is approved by the Principal. Teachers are not required to use the swipe-card as it is not currently in the teacher's contract. The District is attempting to include that in the teacher's contract. The support staff is required to use the electronic swipe-card system each morning when the employee arrives at the school.</p> <p>3. Every morning, a school clerk faxes the Absence form to HR. The Absence form details the employees who did not sign-in and are considered absent.</p> <p>4. The HR clerks receive the Absence forms from each school and manually deducts, in SMARTS, a sick or personal day for each employee.</p> <p>5. HR receives the daily manual sign-in sheets from the schools (the manual sign-in sheets can take up to a month to receive). The sign-in sheet is reconciled to the faxes received for absent employees. The review is not documented on the faxes or sign-in sheets. Attendance reports for the swipe card system are sent electronically.</p>	<p>4. HR receives a fax of employees who are absent for each school.</p>	<p>4. Lack of review and approval after an employee's personal information is entered into SMARTS.</p> <p>5. The District utilizes manual sign-in sheets for teachers.</p> <p>6. HR does not receive attendance sheets on a timely basis. Attendance sheets may be received the following month.</p> <p>7. There is no documented review / approval over the attendance reconciliation.</p>

Human Resources		
Procedures	Key Controls	Weaknesses/Issues
<p>6. HR is also responsible for receiving the manual attendance sheets from the Department Supervisors. The manual attendance sheets are completed and signed by the Department Supervisor. In December, the HR clerks review SMARTS to ascertain the total number of sick/personal/vacation days available for each employee. HR sends a letter to each employee communicating the number of unused sick/personal/vacation days remaining.</p> <p>7. HR clerks receive the sign-in sheets, manual attendance sheets, and the electronic attendance reports. The clerks are responsible for reconciling each employee's number of sick, personal, and vacation days to SMARTS.</p> <p>8. Employees who are 12-month employees receive vacation days in accordance with their contract, and 10-month employees do not receive vacation days.</p> <p>9. If a 10-month employee is absent more than three days, the employee is required to bring in a doctor's note. When a 10-month employee is absent more than six days, the employee must inform the school and the school informs HR. That employee must submit a doctor's note and a medical certificate detailing the illness the employee had.</p> <p>10. Twelve month employees must inform HR of any vacation lasting longer than one week. The employee completes the vacation request form (see w/p _____), which is sent to HR. For a leave of absence (LOA), the employee completes the LOA form (see w/p _____), which is approved by the employee's Principal or Supervisor.</p> <p>11. If an employee is absent longer than one week without informing HR as to the reason why, the employee's pay check is withheld.</p> <p>12. HR contacts the school to determine if there is an explanation for the extended absence.</p> <p>13. If HR determines that the employee has been absent all week</p>	<p>5. Attendance sheets are reconciled, by the HR clerks, to the Absence form faxes.</p> <p>6. A doctor's note is required for employee absent more than three days.</p> <p>7. A doctor's note is required for any employee who is absent more than 6 days.</p> <p>8. An employee's paycheck is withheld if the employee is absent longer than a week.</p> <p>9. Employees on LOA or requesting vacation are required to complete the necessary paperwork and send it to HR.</p>	<p>8. The HR clerk is responsible for receiving the faxes and attendance sheets, entering sick days in SMARTS, and reconciling the attendance reports. Segregation of duties concern.</p> <p>9. The HR clerk does not document the review of available sick days.</p> <p>10. There is no control to stop overtime to be paid without the proper supporting documentation.</p> <p>11. Overtime attendance sheets are not received on a timely basis.</p> <p>12. It has happened in the past when employees have</p>

Human Resources		
Procedures	Key Controls	Weaknesses/Issues
<p>without proper notification, payment is stopped on the employee's pay until HR can determine whether the employee has resigned or will be returning to work.</p> <p>14. At the fiscal year end, the HR clerks call each school and request a year-end Attendance Report. HR generally receives the year-end attendance report before all of the manual sign-in sheets have been received.</p> <p>15. For each employee, the HR clerk compares the total sick/personal/vacation days per year-end Attendance Report to the total sick/personal/vacation days in SMARTS.</p> <p>Overtime</p> <p>1. The standard work week is 35 – 40 hours, all hours, for non-salaried employees, worked in excess of 40 hours are overtime hours.</p> <p>2. If an employee's job requires that overtime be worked, the employee must receive approval from their Director.</p> <p>3. Approved overtime forms are sent to HR and a copy is sent to payroll. Overtime pay is not paid without the approval form. Overtime pay may take as long as a month to be processed.</p> <p>4. The HR Director reviews the overtime attendance sheet and signs off on it.</p> <p>5. After the HR Director approves the attendance sheets, the attendance sheets are sent to the Business Administrator for approval, and then the attendance sheet is sent to payroll.</p> <p>6. Since HR does not receive the attendance reports on a timely basis, it can take up to a month to receive the attendance sheets and input the overtime into the system.</p> <p>7. Employees cannot just call HR or Payroll and have their overtime approved without the approved attendance sheets.</p> <p>Buy Backs</p> <p>1. Employees are entitled to 13 sick days per year. If an</p>	<p>10. The year-end attendance report is matched to the employee file in SMARTS.</p> <p>11. The amount of unused sick days is matched to the days available in SMARTS by the HR clerk.</p> <p>12. Overtime must be approved the employee's Director.</p> <p>13. Overtime attendance sheets are reviewed by the HR Director.</p> <p>14. The HR Director and the Business Administrator approve the overtime attendance sheet.</p>	<p>had their OT approved with the proper documentation submitted to HR.</p> <p>13. The buy back application is not approved by management.</p> <p>14. HR does not conduct an exit interview with the terminated employee.</p>

Human Resources		
Procedures	Key Controls	Weaknesses/Issues
<p>employee uses three sick days or less, the employee is allowed (in accordance with the CEA contract) to buy back up to 10 unused sick days.</p> <ol style="list-style-type: none"> The amount received by the employee is a fixed daily rate based on job title. Support staff receives \$60 per unused sick day and teachers receive \$90 per unused sick day. Administrators may not buy back any unused sick days. In June, HR reviews attendance records to determine which employees are entitled to buy back their sick days. An application is sent to all eligible employees. All eligible applications are sent to the Board for approval. Once completed applications are received by HR, the HR clerks verify the amount of unused sick days in the system. The HR clerks print out the employee's year-end attendance report and staple it to the application. <p>Terminated Employees</p> <ol style="list-style-type: none"> When an employee resigns or retires, the employee is expected to submit a letter to HR indicating their resignation or retirement. If an employee is terminated by the school, the school informs HR and the employee's name is included on the Board agenda. HR notifies Payroll of the terminated employee. A termination letter is sent to the terminated employee from HR. The Data Operational Specialist sends a termination letter to Data Processing so the terminated employee's system access is terminated. There is no exit interview for terminated employees. 	<p>15. Terminated employees are reviewed by the Board.</p>	

Human Resources		
Procedures	Key Controls	Weaknesses/Issues
<p>Benefits Enrollment</p> <ol style="list-style-type: none"> 1. The District provides employees with full health benefits. 2. The Human Resource (HR) Manager is responsible for all benefits. 3. The District follows the state regulations for open enrollment for District employees. 4. For vision, dental, and prescription benefits, the District contracts with outside vendors. The District maintains one broker for all three vendors. 5. Each District employee is enrolled with the three vendors noted above. 6. When a new employee starts, the employee completes a health form. 7. The completed health form is submitted to the HR manager and HR benefits clerk. The HR benefits clerk reviews the form for completeness. 8. After the HR benefits clerk reviews the health form, the original health form is sent to the state and a copy of the form is maintained by the HR Department. 9. The HR Manager, on a weekly basis, checks the state's website to verify the new employee is enrolled in the benefits program. 10. It is noted on the copy of the health form that the employee is enrolled. 11. When an employee is terminated, the HR Manager sends the state a letter stating the terminated employee's name, social security number, date terminated, and reason for termination. 12. The HR Manager goes on the state's website to verify that the terminated employee is no longer receiving benefits from the District. 	<ol style="list-style-type: none"> 1. A completed health form is reviewed by HR prior to sending it to the state. 2. A copy of the benefits termination letter is maintained by HR. 3. On a weekly basis, the HR Manager verifies that new employees are enrolled in the benefit program by viewing the state website. 	

Human Resources		
Procedures	Key Controls	Weaknesses/Issues
<p>Workers' Compensation</p> <p>13. The employee notifies HR of potential worker's compensation due to an injury in the workplace.</p> <p>14. HR sends the employee to a doctor to be examined. The Doctor sends a slip to HR detailing the examination.</p> <p>15. If the doctor determines the employee is still able to work, HR informs the employee that the District will not grant them workers' compensation.</p> <p>16. If the doctor determines the employee was hurt enough to receive workers' compensation, the HR Manager completes the necessary paperwork.</p> <p>17. HR will track the total number of days the employee is out on workers' compensation within SMARTS.</p> <p>18. Before the paperwork is completed, HR calls the school to ascertain whether the school can accommodate the employee.</p> <p>19. If the school cannot accommodate the employee, a letter is submitted to HR detailing the reason they cannot accommodate the school.</p>		

Financial Management		
Procedures	Key Controls	Weaknesses/Issues
<p>Posting Journal Entries</p> <ol style="list-style-type: none"> 1. After the cash receipts are reviewed, the Accounting Manager of General Funds completes a journal entry form. 2. The completed journal entry form is used by the Accounting Manager of General Funds to input the journal entry. 3. Aside from the Accounting Manager of General Funds, the Comptroller has system access to create journal entries. <p>Posting Journal Entries to Prior Periods</p> <ol style="list-style-type: none"> 1. The Accounting Manager of General Funds and the Comptroller have the ability to post journal entries to prior periods. 2. The Comptroller gives the documentation to the Accounting Manger of General Funds for the journal entries for prior periods. 3. The Comptroller signs off on the documentation to the Accounting Manager of General Funds. 4. The Accounting Manager of General Funds completes a journal entry form before posting to a prior period. Posting journal entries to prior periods is done on a monthly basis. 5. After the journal entry form is completed, the Accounting Manager of General Funds will access the system and post journal entries to a prior period. 6. The posted journal entries are not reviewed after they have been posted to prior periods. <p>Adjustments to Journal Entries</p> <ol style="list-style-type: none"> 1. SMARTS does have an audit trail of who enters journal entries. 2. Both the Comptroller and the Accounting Manager of General Funds have the ability to delete journal entries. 3. When a journal entry needs to be modified, the Accounting Manager will go into SMARTS and make the necessary edits. 4. The Accounting Manager does not delete the journal entry, rather 	<ol style="list-style-type: none"> 1. A journal entry form is completed before a journal entry is posted. 2. Only the Comptroller and Accounting Manager of General Funds have system access to journal entries. 3. Postings for prior periods are approved by the Comptroller before they are input. 1. There is a system audit trail of posting journal entries. 	<ol style="list-style-type: none"> 1. The journal entry form is not approved before it is posted in the system. 2. Journal entries are not reviewed after they have been posted in the system. 3. Prior periods are not frozen or closed. 1. Journal entries posted to prior periods are not reviewed after they are input into the system. 2. Edits are deletions to journal entries do not need management approval.

Financial Management		
Procedures	Key Controls	Weaknesses/Issues
<p>makes the necessary adjustments.</p> <p>5. Journal entries may be deleted from the system without the knowledge of the Accounting Manager.</p>		

Financial Management		
Procedures	Key Controls	Weaknesses/Issues
<p>Bank Reconciliations</p> <ol style="list-style-type: none"> 1. The Comptroller and the Accounting Manager of General Funds are responsible for bank reconciliations. Currently, the District is two to three months behind on bank reconciliations. 2. Bank reconciliations are mainly completed by the Accounting Manager of General Funds. 3. The Accounting Manager of Grants is responsible for completing the bank reconciliation for Food Services. 4. Bank reconciliations are done on a monthly basis. 5. The Accounting Manager reconciles the bank statements to the Districts records. 6. Once the bank reconciliation is complete, it is sent to the State Treasurer via e-mail. 7. The State Treasurer reviews the bank reconciliation and sends it back after it is reviewed. <p>Reports</p> <ol style="list-style-type: none"> 1. The Board Secretaries Report is run on a monthly basis by the Accounting Manager of Grants. The Board Secretaries Report comes directly from SMARTS and is a report of all services paid and outstanding. 2. The Board Secretaries Report is submitted each month to the Board to be reviewed. 3. The Accounting Manager of General Funds is responsible for running the Treasurer's Report from SMARTS. The Treasurer's Report is a report that details all the completed reconciliations. 4. The Treasurer's Report is submitted each month to the Board to be reviewed. 	<ol style="list-style-type: none"> 1. Bank statements are matched to District records (i.e., deposit slips). 2. The Board Secretaries Report is run directly from SMARTS. 3. The Board Secretaries Report is reviewed by the Board. 4. The Treasurer's report is run directly from SMARTS. 5. The Treasurer's report is reviewed by the Board. 	<ol style="list-style-type: none"> 1. Bank reconciliations are approximately two and three months behind. 2. Bank reconciliations are not reviewed and approved by management.

Facilities Management		
Procedures	Key Controls	Weaknesses/Issues
<p>Budget</p> <ol style="list-style-type: none"> 1. The Facility Management Director reviews the prior year's budgets for the amount of maintenance supplies used and speaks to inspectors and foreman to determine which schools require maintenance next year. 2. The Director uses the prior year's budgets and the amount of maintenance expected to be required for the next school year. 3. The Director reviews the union's contract to determine the contracted salary increase for employees. 4. The Director inputs the salary amounts and the amount of maintenance supplies into the budget. 5. The Director lists out the maintenance each school requires for the following school year. The list is attached to the budget. 6. Once the budget is created, it is sent to the Business office with the list of school maintenance for approval. 7. After the budget is approved, the Director matches the budget to actual on a monthly basis. 	<ol style="list-style-type: none"> 1. Budget is approved by the Business Office. 2. The Director reviews budget to actual on a monthly basis. 	<ol style="list-style-type: none"> 1. There is no formal process for determining the amount of maintenance each school requires for the following school year. 2. The Director does not initial or sign-off for any dollar variances in the budget.

Facilities Management		
Procedures	Key Controls	Weaknesses/Issues
<p>Overtime Approval</p> <ol style="list-style-type: none"> When overtime is required, the school Principal informs the Facility Management Department. Before a maintenance worker can work overtime, the overtime form is completed. The overtime form is completed by either a foreman or inspector. See w/p _____. The overtime form details the location, maintenance required and total overtime hours. The overtime form details the employee name, the location, date, the amount of overtime hours, and the reason for the overtime request. The completed overtime form is sent to the Facility Management Director for review and approval. The amount of overtime requested is based on the foreman's knowledge of how many hours are required to complete a task. Once the Director approves the overtime form, it is forwarded to the Business Administrator for approval. After the overtime form is completed, it is sent back to the Facility Management Director, who will inform the requesting school Principal and the employee that the overtime has been approved or denied. If overtime is denied, the employee may not work the requested overtime. For emergency overtime, the school informs the Facility Management Director of the situation. If the Facility Management Director gives a verbal approval, the maintenance employee may work overtime without the completed overtime form. Emergency overtime is not differentiated from regular overtime. The school is required to complete the overtime form and note that it was for an emergency situation. The form is submitted to the Facility Management Director and the Business Administrator for 	<ol style="list-style-type: none"> The overtime form is approved by the Facility Management Director and the Business Administrator. Overtime is approved by the Business Administrator. Requests for emergency overtime need verbal approval from the Facility Management Director. 	<ol style="list-style-type: none"> There is a lack of policies and procedures documenting the proper process for requesting overtime. The Director relies strictly on the foreman's knowledge for requesting overtime hours. The foreman determines, based on their knowledge, how much overtime is needed to complete a task (i.e., painting a door). The Facility Management Director does not document the verbal approval for emergency overtime until the completed overtime form is submitted.

Facilities Management		
Procedures	Key Controls	Weaknesses/Issues
<p>approval.</p> <p>11. If a maintenance employee works more than the approved overtime hours, the Facility Management Department is required to pay for the additional overtime without repercussion to the employee or employee's foreman. A verbal warning of repercussion is issued by the Director.</p> <p>12. Each pay cycle Payroll reviews all of the overtime worked by the maintenance employees. Overtime pay comes out of the Facilities budget.</p>		<p>4. Additional overtime worked does not need approval from the Facility Management Director.</p>

Facilities Management		
Procedures	Key Controls	Weaknesses/Issues
<p>Work Orders</p> <ol style="list-style-type: none"> 1. The Maintenance foreman and/or inspector informs the Director of maintenance work that needs to be completed (i.e., repairs). 2. A work order (see w/p _____) is prepared by the foreman or inspector. 3. The work order is sent to the Facility Management Director for approval. 4. The approved work order is sent back to the warehouse, where the foreman or inspector initials the work order and assigns the maintenance worker(s) to the school for the project. 5. Each maintenance employee has an electronic ID card which is required to be swiped in and out at each school the work is completed at. Aside from the electronic ID card, the maintenance workers have a sign-in sheet at each school, and the work card which is time stamped. 6. The Principal reconciles the hours worked to the work card for each maintenance worker. 7. The work card and the supporting documentation for the work completed is brought back to the Maintenance Warehouse where it is reviewed and stored by the foreman. 8. The maintenance sign-in sheet is sent to Human Resources for processing. 	<ol style="list-style-type: none"> 1. Work orders are approved by the Facility Management Director. 2. Electronic ID cards and sign-in sheets to track maintenance workers hours. 3. Schools review the maintenance sign-in sheets for accuracy. 4. The completed work orders are reviewed and filed by the warehouse foreman. 	<ol style="list-style-type: none"> 1. The Facility Management Director does not verify that the maintenance work is required. 2. The Facility Management Director does not verify that the maintenance work is required. 3. Lack of documented reconciliation completed by Management.

Facilities Management		
Procedures	Key Controls	Weaknesses/Issues
<p>Supplies</p> <ol style="list-style-type: none"> 1. The warehouse foreman is responsible for ordering all maintenance supplies. 2. The warehouse foreman determines what supplies the warehouse needs. After the foreman determines what supplies are required, the foreman completes the standard purchase requisition with the maintenance warehouse account number. 3. The completed purchase requisition is sent to the Assistant Superintendent for approval. 4. Once the purchase requisition is approved by the Assistant Superintendent, it is sent to the Business Administrator for approval. 5. The Business Administrator sends the approved purchase requisition to the Purchasing Department to be processed. 6. The Purchasing Department places the supply order and sends a copy of the PO (white copy) to the foreman. 7. The supplies are delivered to the warehouse. The foreman reviews/approves the delivery and sends a copy of the PO (green copy) back to the Purchasing Department. 8. The foreman manually documents the amount of supplies received. 9. The Facility Management Department maintains an open account at local hardware stores for approved employees to purchase items without a purchase requisition. The Facility Management Director does not review purchases made at the approved hardware stores. 10. When a school needs supplies (i.e., door knobs), a purchase requisition is completed by the school and it is approved by the Assistant Superintendent and the Business Administrator. 11. The purchase requisition is sent to the Facility Management Director for approval. The approved purchase requisition is sent to the maintenance warehouse. 12. The foreman reviews the purchase requisition and sends out the requested supplies to the school. 	<ol style="list-style-type: none"> 1. The completed purchase requisition is approved by the Assistant Superintendent and the Business Administrator. 2. The delivery is approved by the warehouse foreman. 3. Supplies are documented upon arrival. 	<ol style="list-style-type: none"> 1. Hardware store purchases are not reviewed by the Facility Management Director and there is no dollar threshold for purchases made. 2. The foreman does not track the amount of supplies sent to each school. Informal manual inventory counts are performed at the end of each year by the foreman.

Food Services		
Procedures	Key Controls	Weaknesses/Issues
<p>Contracting Vendors</p> <ol style="list-style-type: none"> At the end of each school year, the South Jersey Co-op (the Co-op) issues Request for Proposals (RFP) for food products. The Co-op generally contracts multiple vendors for the same product providing Districts with options. Proposals are received by the Co-op, and each District within the Co-op reviews the proposals. Each District has one vote to approve or decline each proposal. A majority vote is needed to approve the vendor's RFP. After a vote is taken on which proposals to approve, the approved vendors are put into the K-12 system (the system). The K-12 system lists each vendor, the commodities, and the price for the commodities. Orders are placed by the Supervisor in the Electronic Commodities Open (ECOs) area of K-12. ECOs is the ordering function within K-12. The K-12 system is also used by the District to track purchases made by Food Services. Food Services also enter into contracts with vendors outside the Co-op. For vendor contracts, RFPs are posted to the public. Proposals are submitted to the Purchasing Department. Purchasing and the Supervisor of Food Services review the proposals and select three potential vendors. The three potential vendors are brought into the District to give a presentation. A ranking system is used by Purchasing to select the best vendor. The ranking system is used by the Supervisor of Food Services and the Purchasing Department. <p>Placing Orders</p> <ol style="list-style-type: none"> All orders are placed through the ECOS system. The Supervisor of Food Services is the only employee who has the ability to place 	<ol style="list-style-type: none"> South Jersey Co-op contracts through an RFP process. K-12 tracks the purchases made by Food Services. Potential vendors are required to go through purchasing and a ranking system is used before a contract is awarded. 	<ol style="list-style-type: none"> Food orders may only be placed by the Supervisor.

Food Services		
Procedures	Key Controls	Weaknesses/Issues
<p>orders in the system.</p> <ol style="list-style-type: none"> Orders are placed twice a week, on Thursday and Friday. The Supervisor is given a budget amount at the beginning of the school year, but does not receive an updated budget on a monthly basis. On Monday and Friday of each week, the Food Services Department receives food order requests from the Food Services Managers for each school. The Supervisor reviews the food order requests on Friday to verify that the food order is appropriate based upon the menu schedule for that school. After the Supervisor determines all food orders are appropriate, the food orders are placed online through the system. Each food item has a code number, and orders are placed using the code number. <p>Receiving Orders</p> <ol style="list-style-type: none"> Food orders are received twice a week (Monday and Wednesday) and sent directly to either the Food Services Department or to the requesting school. The Food Services Department maintains freezers, refrigerators, and a storage area for holding inventory until it is requested by a school. Orders are received by the Depot Manager. The Depot Manager signs the delivery receipt and sends to the Supervisor. The Supervisor matches the quantity received per the delivery receipt to the order form. If a discrepancy arises, the Supervisor contacts the vendor. The delivery receipt is stapled to the order form and it is filed by the Supervisor. Deliveries which go directly to the requesting school are signed for by the Food Services Manager responsible for that school. 	<ol style="list-style-type: none"> The food order is matched to the menu to verify the order is appropriate. The Depot Manager signs the delivery receipt. The quantity per the delivery receipt is matched to the order form by the Supervisor. Delivery receipts are stapled to the food order form and maintained by the Supervisor. The quantity per the food order form is matched to the delivery receipt by the 	<ol style="list-style-type: none"> The Supervisor is unaware of the Food Service budget as the actual budget is not shared with the Supervisor. Food order requests are manually prepared by the Food Services Managers. The Supervisor cannot verify that the school requires the food order. Files are not securely maintained by the Supervisor. Inventory is manually entered into the system by the Supervisor.

Food Services		
Procedures	Key Controls	Weaknesses/Issues
<p>7. The Food Services Manager matches the quantity received per the delivery receipt to a copy of the order form.</p> <p>8. The delivery receipt is sent back to the Supervisor to be filed.</p> <p>9. The Supervisor manually enters the amount received into the inventory system.</p> <p>10. Food commodity orders are received at the State Warehouse. The warehouse is operated by state employees, and has the necessary equipment (i.e., freezers) to store the food commodities.</p> <p>11. The orders are received and signed for by the Manager of the warehouse.</p> <p>12. The Manager of the warehouse inputs the inventory amount received into the system.</p> <p>13. The approved receiving document is sent to the Supervisor of Food Services.</p> <p>14. The Supervisor of Food Services reviews the amount received per approved receiving document to the amount per the system to verify the amount entered is accurate with the amount received.</p> <p>Tracking Inventory</p> <p>1. At the end of each month the Food Services Managers are required to complete the Physical Inventory Sheet (see w/p _____). The Physical Inventory Sheet details the total amount of inventory available at that school.</p> <p>2. The Physical Inventory Sheet is manually completed by the Manager.</p> <p>3. The completed Physical Inventory Sheet is sent to the Supervisor.</p> <p>4. The Supervisor uses the Physical Inventory Sheet to determine when food or commodities need to be reordered.</p>	<p>Manager.</p> <p>9. Orders received by the State Warehouse are signed off by the Manager of the Warehouse.</p>	<p>6. Inventory received by the State Warehouse is input into the system by the State Warehouse.</p> <p>7. A manual inventory sheet is prepared at the end of the month by each Manager and sent to the Supervisor.</p>

Food Services		
Procedures	Key Controls	Weaknesses/Issues
<p>Free Meals</p> <ol style="list-style-type: none"> 1. The Supervisor receives a list of students who are eligible to receive free meals, based on the household application. Students receive free lunch based on the financial status of their family. 2. Students receive meal tickets from the District. The students present the meal ticket to the cashier at the cafeteria to receive their free meal. 3. The collected meal tickets are sent to the Food Services Department. Food Services maintain a list of students who receive free meals. <p>Reduced Price Meals</p> <ol style="list-style-type: none"> 1. For a family to apply for reduced price meals, the State Application form must be completed by the parent or guardian of the student(s). 2. The State Application form documents how many student and which school the student(s) attend. 3. The completed form is reviewed by the state and maintained by the District. 4. The state sends the Supervisor a list of students who are approved for reduced price meals. <p>Preferred Meals</p> <ol style="list-style-type: none"> 1. Preferred meals are prepackaged meals that are sent to the schools with no kitchens. 2. The schools are provided freezers, refrigerators, and a cooking oven for the preferred meals. 3. Food Services provide the schools with the preferred meals based on the average daily attendance. Food Services determine an average of student absences for each school day. The average is subtracted from the total number of students in a school to come up with the average daily attendance. 	<ol style="list-style-type: none"> 1. The list of students eligible for free meals is received directly from the State. 2. The State sends a list of students receiving reduced price meals. 3. A production sheet is completed by the Food Services Manager. 	<ol style="list-style-type: none"> 1. Food Services does not track the snacks which are sent to schools receiving preferred meals.

Food Services		
Procedures	Key Controls	Weaknesses/Issues
<p>4. At the end of each day, the Food Services Manager completes a production sheet. The production sheet details the remaining preferred meals maintained at the school.</p> <p>5. The production sheet is sent to the Supervisor. The Supervisor uses the production sheet to determine how many preferred meals need to be sent the following week.</p>		

Transportation		
Procedures	Key Controls	Weaknesses/Issues
<p>1. All transportation contracts are generally one-year contracts with renewal options tied to Consumer Price Index (CPI). Therefore, the contracts for the current bus vendors are renewed on a yearly basis. The increase contracted amount is based on the CPI. The vendor contracts allow for unlimited extensions.</p> <p>2. Most contracts are renewed at the end of each school year. There is no formal RFP process since only a select few bus vendors are willing to work in Camden.</p> <p>3. A list of renewed bus contracts are put on the Board Agenda for Board approval. The Transportation Department submits a letter to the Board explaining the reason for renewing the transportation contracts.</p> <p>4. Upon the Board approval of the contract renewals, the Transportation Department informs the vendors of the contract renewal.</p> <p>5. The District does not receive any background information on the bus drivers, but the vendors provide background information on any driver when requested by the District. The District has the ability to call the vendor and inform them as to a bus driver they do not want driving for the District. The terms and conditions of the contract state that all bus drivers must have background checks performed. The aides report any inappropriate behavior by bus drivers.</p> <p>6. The Transportation Supervisor is currently conducting an informal cost-benefit analysis for the District to own all the buses instead of outsourcing the buses. Also, the Supervisor is conducting a cost-benefit analysis to do additional bus runs.</p> <p>Bus Routes</p> <p>1. Before each school year (summer months), the Transportation Department reviews the bus routes from the previous year to determine if additional routes are needed or if some of the bus routes can be combined.</p>	<p>1. Bus contract renewals require Board approval before an amendment can be created.</p> <p>2. The Transportation Department requires</p>	<p>1. The District does not go through a formal RFP process for bus contracts.</p> <p>2. The District does not receive any background information on bus drivers provided by the vendors.</p> <p>3. The Transportation Department does not document their analysis on ridership and bus capacity.</p>

Transportation		
Procedures	Key Controls	Weaknesses/Issues
<p>2. After the Transportation Department determines what bus routes are needed for the following year.</p> <p>3. Vendors are informed of the available routes. Written bids are received from each of the contracted vendors.</p> <p>4. If no bids are submitted by the vendors, then the District uses one of their own buses for that route.</p> <p>Field Trips / Athletics</p> <p>1. When a school needs a bus for a fieldtrip, they inform the Transportation Department. The school provides the date, number of students, departure, and arrival time for the field trip.</p> <p>2. The Transportation Department goes out to bid with the contracted vendors. The Transportation Department contacts the vendors and informs the vendors of the fieldtrip or athletic event.</p> <p>3. Vendors submit a written bid and the lowest bid is awarded the field trip.</p>	<p>formal written bids to be submitted by the vendors for bus routes.</p> <p>3. The Transportation Department requires a formal written bid from the bidding contracted vendor.</p>	

Transportation		
Procedures	Key Controls	Weaknesses/Issues
<p>Special Education Transportation</p> <ol style="list-style-type: none"> 1. At the end of each school year, the Special Education Department submits a list of Special Education students within the District to the Transportation Department. 2. The Transportation Department reviews the list of Special Education students and determines the van / bus routes based on what school they are attending the following school year. 3. The Transportation Department determines what van routes are needed for the upcoming school year. Written bids are received from each of the contracted vendors for the bus routes, unless the route is renewed by a vendor. 4. For van routes requiring wheel chair access, the Transportation Department specifies this during the bid process. 5. The District is required to provide a Bus Aide on each Special Education van. Some Special Education Students require personal aides; as a result, some vans have two to three aides on it. 6. The Bus Aides receive emergency training at the schools. The vendors provide emergency training to their bus drivers and District bus drivers receive training when an issue arises. 7. The Bus Aides and District employees go through the proper background checks by Human Resources. 	<ol style="list-style-type: none"> 1. Special Education van routes are based on the list of Special Education students provided by the Special Education Department. 2. Formal written bids are submitted by the vendors. 3. Bus aides and vendor bus drivers receive emergency training on a timely basis. 4. Bus aides are required to go through background checks conducted by Human Resources. 	<ol style="list-style-type: none"> 1. District bus drivers do not receive emergency training on a timely basis.

Transportation		
Procedures	Key Controls	Weaknesses/Issues
<ol style="list-style-type: none"> 1. For kindergarten through grade eight non-special education students who live within two miles and high school students who live within two and a half miles of their schools, the District does not offer bus transportation. 2. These students may receive bus tickets from the New Jersey Department of Transportation. A list of students who do not receive District transportation is maintained at the Principal's office at each school. 3. The student must go to the Principal's office and request a Bus Pass Form. 4. The form is completed by the student and sent to the New Jersey Department of Transportation. 5. The schools receive the bus passes from the New Jersey Department of Transportation and distribute the passes twice a year, at the beginning of the school year and the beginning of the calendar year. 		

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Procedures	Key Controls	Weaknesses/Issues
<p>New User Access</p> <p>1. Little system access documentation for SMARTS appears to exist. The District’s Technology Policy briefly states that the Assistant Superintendent issues user IDs and passwords for new SMARTS Applications. However, during an interview with the SMARTS Administrator, he indicated that an access request form, signed by an appropriate supervisor, had to be sent to Data Processing before proper access and permissions could be added to SMARTS.</p> <p>Change in Access for Existing Employees</p> <p>2. Change in Production permissions: There is no documented policy for changing system access for terminated or transferred employees. The SMARTS Administrator indicated that the same form is used to request new user access would be used to change access permissions for these types of employees. However, user access requests are also accepted via telephone call or via other non standard documentation.</p> <p>Emergency and Ad Hoc System Access Requests</p> <p>3. There is no policy for urgent system access requests. The SMARTS System Administrator indicated that managers call and request urgent system access or profile changes. In these cases, the requested updates are made immediately by the System Administrator without any documentation</p> <p>Review of Access Rights and Permissions</p> <p>4. There are no documented processes or procedures for the regular review of general access or permission levels in the SMARTS Application. Reviews to determine the appropriateness of access or segregation of duties do not seem to occur.</p> <p>Password Policy</p> <p>5. Password Policy: There is no documented password policy for the SMARTS application. Users are encouraged to use an alpha-numeric password, between 8-10 characters in length. There are</p>		

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Procedures	Key Controls	Weaknesses/Issues
<p>no policies or system based password rules that required this. Additionally, there are no requirements for the automatic resetting of passwords over time or any controls to prevent the reuse of a password that has been used before.</p> <p>Disaster Recovery and System Back Up</p> <p>6. Disaster Recovery: There is no documented disaster recovery plan and no disaster recovery testing occurs.</p> <p>7. System Back Up Policies and Procedures: System Back Up procedures are not documented. However, there are back up procedures in place for SMARTS. Data is copied and stored to another server on a daily basis and back up tapes are created on a weekly basis. Tapes are stored in a vault and sent to an off site storage facility on a weekly basis. Service can be restored at a second back up site in the District Administration Building if needed.</p> <p>SMARTS Administration</p> <p>8. Patch Management and Application Updates: There is no documented patch management policy. The SMARTS vendor, CSI, publishes application updates on their web site. It is the responsibility of each SMARTS user to proactively check the website and download any application updates themselves. The updates are not tested centrally by the SMARTS Administration Team for compatibility or other technical issues before their general release to the SMARTS users. There is no central monitoring to ensure that all SMARTS users have updated the necessary patches or that their version of the SMARTS application is up to date.</p> <p>9. Help Desk Administration: There are three help desk staff available to support SMARTS users. These Help Desk Staff are Data Processing employees. However, no help desk policies and procedures exist to be distributed to SMARTS users or the Help Desk Staff themselves.</p>		

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Procedures	Key Controls	Weaknesses/Issues
<p>10. Change Management: There is no documented change management process for SMARTS. There does not appear to be a formal process for documenting and approving change requests in the District.</p> <p>11. SMARTS Documentation and User Training: There is no training management plan for SMARTS users and very little formal training is offered to SMARTS users. Most training is conducted on an on the job basis. There does not appear to be any functional documentation available to the user community or IT staff.</p> <p>12. Audit Trail and Transaction Monitoring: A module to provide audit trails at the SMARTS transaction level was implemented in 2004. However, no documentation seemed to exist for this functionality and the IT team was unaware of its specific functionality and whether it was being widely used by the overall SMARTS user community.</p> <p>13. Physical Access to the SMARTS Team Administrative Site: Generally, the SMARTS site is protected by locked entrances, servers and hardware are environmentally monitored and protected with a fire suppression system, and back up tapes and other sensitive material is stored in a secure vault.</p> <p>Network Access (Department Access)</p> <p>1. New Users are added to the network when an access request ticket is opened in Trouble Trakker, a web based work ticket management system used by the district. When this ticket is opened by a supervisor, a network ID and access is established.</p> <p>Terminations</p> <p>2. The Network Administration team uses District Retirement Lists and Board Meeting Minutes to determine which users to remove from the network.</p> <p>Network Security</p> <p>3. Network Security Guidelines and Infrastructure: The District Network is CIPA compliant. The District deploys firewall protection,</p>		

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Procedures	Key Controls	Weaknesses/Issues
<p>content filtering, and anti-spam filters. Their infrastructure is generally (take out generally) composed of CISCO routers and switches and Dell Servers</p> <p>4. Virus Protection: Norton Antivirus/Anti Spyware is used by the District. Antivirus updates are automatically downloaded to a central server and then pushed to each desktop automatically. Desktops are monitored to make sure they have the latest virus definition files and updates installed.</p> <p>5. Network Monitoring: The network is monitored remotely by administrators using CISCO Works and WhatsUp Gold. Monitoring occurs during working hours. Administrators receive telephone calls after hours if there are network issues during the non working day.</p> <p>6. Remote Access: A small number of network administrators and business users are allowed remote access to the network via VPN. Applicants for remote access must apply for access in person.</p> <p>7. Internet and Acceptable Use Policies: Internet content is filtered to forbid access to certain websites. Additionally, each student and staff member must sign and acceptable use policy (resigned every year) and an email use policy.</p> <p>8. Patch Management: A WSUS server pushes MicroSoft Updates automatically to District desktops. Patches are review by network staff before they are released.</p> <p>9. Back Up Processes: The email server and some file servers are backed up daily in a Storage Area Network (SAN). The District uses Veritas to back up all other critical files to tape. These tapes are stored in a secure data center.</p> <p>10. Physical Access: Network Hardware is stored in a secure data room with a key code lock, environmental controls, and a fire suppression system.</p> <p>IT Strategic Plan:</p> <p>1. The District does not employ an IT Strategic Planning Process and</p>		

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Procedures	Key Controls	Weaknesses/Issues
<p>has not documented an IT Strategic Plan. However, the District does have a State approved Technology Plan that follows the State's Erate Program requirements.</p> <p>System Development Lifecycle (SDLC):</p> <p>2. *The District does not employ and has not formally documented a standard System Development Lifecycle (SDLC)</p> <p>Disaster Recovery Plan</p> <p>3. There is no documented disaster recovery plan or testing in the district</p> <p>Training Plan</p> <p>4. There is no formal IT training plan or IT Training group at the District</p> <p>SMARTS Integration Plan</p> <p>5. There is no formal integration plan for transitioning SMARTS into the standard District IT Operating Environment or for transitioning the responsibilities of the retiring Data Processing Manager Analyst/SMARTS Administrator to other District Technical Resources.</p>		

Purchasing		
Procedures	Key Controls	Weaknesses/Issues
<p>Requisitions</p> <ol style="list-style-type: none"> When an item is needed at a school or in a Department, a manual requisition form is completed by the school Principal or Department Chair. The school is responsible for verifying that there are enough funds in their budget for the purchase. The manual requisition form states the type of supply requested, the quantity, the amount, and the account code to be charged. The requisition form is forwarded to an Assistant Superintendent who oversees the requesting school or Department. The Assistant Superintendent verifies that the request is needed, and then the Assistant Superintendent approves the requisition. If the requisition is for a technology purchase, an additional signature from the Information Technology (IT) Department Head is required. After the Assistant Superintendent approves the requisition, it is forwarded to the Business Office, where the Business Administrator (BA) reviews the account code being charged. Once the BA has verified that the account number is appropriate, the BA approves the requisition. The requisition is sent to the Purchasing Department to be processed once all appropriate approvals have been obtained. If the requisition form is not appropriately completed, the requisition form is returned along with the Standard Return form to the school or Department. The Purchasing clerk reviews the requisition for the proper approval and the proper account code, and verifies the school or Department has enough funds in their budget for the purchase. If the account requested by the school is over budget, the school can request a transfer of funds from another account code. A Budget Transfer form is completed by the school and it is 	<ol style="list-style-type: none"> The District utilizes a standard purchase requisition form used. The purchase requisition is approved / reviewed by the Assistant Superintendent and the Business Administrator. Technology purchases must be approved / reviewed by the IT Department Head. The Business Administrator approves / reviews the purchase requisition. The Purchasing clerk reviews the purchase requisition for completeness and accuracy. The standard Budget Transfer form is used and approved by the Principal, Assistant 	<ol style="list-style-type: none"> Manual requisition forms are utilized by the District. The Purchasing Department does not have a documented list of employees who are authorized to approve a purchase requisition. The wrong account number may be used on the purchase requisition. It happens frequently when the Purchasing clerk will review the purchase requisition and note that the wrong account number was used. Schools are not reprimanded for exceeding their budgets.

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Procedures	Key Controls	Weaknesses/Issues
<p>reviewed and signed off by the Principal, the Assistant Superintendent, the Business Administrator and it is sent to the Budget Monitor.</p> <p>12. The Budget Monitor has 15 days to approve the transfer request. If after 15 days the Budget Monitor does not approve or reject it, the transfer request is automatically approved. The Budget monitor reviews approximately 40 transfer requests per school year.</p> <p>13. The approved Budget Transfer form is sent back to the Purchasing Department with the approved account number.</p> <p>14. The Purchasing clerk changes the fund account number in the system.</p> <p>15. After the Purchasing clerk reviews the purchase requisition, the clerk uses the requisition form to create a PO in the system.</p> <p>16. The clerk enters into the system with their username and password.</p> <p>17. The clerk uses the vendor information (i.e., vendor name, address, etc.) and the requisition amount to create the PO number in the system.</p> <p>18. The system automatically generates a sequential PO number for the new PO. Purchasing does not have the ability to manually change the PO number.</p> <p>19. A Purchasing clerk manually records the POs generated for the day. The tracking spreadsheet is sent to the Assistant BA for approval.</p> <p>20. The PO is printed on a five-ply piece of paper. The first two copies of the PO go to the vendor. One copy is sent to Accounts Payable, and two copies go to the receiver. The pink copy is sent to the receiver and is approved upon receiving the goods and it is sent back to the Purchasing Department.</p> <p>21. For emergency purchases, the requesting school calls the Purchasing Clerk to inform the clerk of the emergency purchase</p>	<p>Superintendent, and the Business Administrator.</p> <p>7. The PO number is manually documented on the purchase requisition.</p> <p>8. PO numbers are computer generated.</p> <p>9. The PO's generated are manually documented on a spreadsheet by a Purchasing clerk. The spreadsheet is forwarded to the Assistant BA for approval.</p> <p>10. A copy of the PO is sent to the vendor and the receiver, to verify the work was completed.</p> <p>11. Schools are required to submit a purchase</p>	<p>5. Transfer requests that are approved by the Budget Monitor are not distinguished from the transfer requests that are automatically approved.</p> <p>6. Budget transfer forms are automatically approved after 15 days if the Budget Monitor does not approve or reject the request.</p> <p>7. The Purchasing clerk has the ability to change the account number in the system without management approval.</p> <p>8. The Assistant BA does not initial or sign off on the PO spreadsheet after it is reviewed.</p> <p>9. The Purchasing clerk may enter a PO without a purchase requisition.</p>

Purchasing		
Procedures	Key Controls	Weaknesses/Issues
<p>(i.e., broken window). The Purchasing Clerk contacts the vendor, and the vendor notifies the Purchasing Clerk of when the problem can be fixed.</p> <p>22. After the school contacts the Purchasing Clerk, the school completes a purchase requisition form.</p> <p>23. The form is signed by the Principal and sent to the Assistant Superintendent for approval.</p> <p>24. Once the Assistant Superintendent approves the purchase requisition, it is sent to the Business Administrator for approval.</p> <p>25. If the Purchasing clerk receives the invoice prior to receiving the purchase requisition from the requesting school, the clerk contacts the school to remind them to complete the purchase requisition for the emergency purchase.</p> <p>26. After the purchase requisition is approved, it is sent to Purchasing. The Purchasing Clerk reviews the approved signatures.</p> <p>27. The Purchasing clerk sets up a PO in the system. The PO number is written on the PO.</p> <p>28. The Purchasing Department has documented policies and procedures maintained by the Director of Purchasing. The policies and procedures are not distributed to schools and are not enforced.</p> <p>29. Occasionally schools contact the vendor directly for goods and/or services.</p> <p>30. The vendor delivers the goods and/or services and the contacts the Purchasing Department or A/P regarding payment.</p> <p>31. In these instances, the Purchasing clerk contacts the school and requires them to send an approved purchase requisition form.</p> <p>32. The purchasing clerk contacts the vendor and informs them they need to send an invoice to A/P so they may be paid.</p> <p>33. Once the Purchasing clerk receives the approved purchase requisition, a PO is created and the invoice is processed.</p> <p>34. If the purchase requisition is not approved, the clerk contacts the</p>	<p>requisition for emergency purchases.</p> <p>12. The emergency purchase requisition is approved by the Assistant Superintendent and the Business Administrator.</p> <p>13. The Purchasing clerk reviews the purchase requisition for completeness and accuracy.</p>	<p>10. The system does not alert the Purchasing clerk when an emergency purchase requisition has not been received.</p> <p>11. Schools may circumvent the purchasing process. Schools may purchase goods and/or services without proper approval and the District does not reprimand the individual who circumvented the system.</p>

Purchasing		
Procedures	Key Controls	Weaknesses/Issues
individual who did not approve the requisition. 35. The requisition is sent back to the individual to be approved.		

Purchasing		
Procedures	Key Controls	Weaknesses/Issues
<p>Vendor Master File</p> <ol style="list-style-type: none"> 1. The Vendor Master File has been in place for three years. 2. A new vendor is added to the Vendor Master File when the new vendor wins a bid or a RFP. 3. A vendor may request to be put on the vendor bid list. The vendor bid list is a list of vendors which receive information on bid openings. 4. After the new vendor is awarded a contract, the vendor is entered into the Vendor Master File by either the Head of Purchasing or one of the Purchasing clerks. The Accounts Payable Department also has the ability to enter new vendors into the Vendor Master List. 5. The Purchasing Director gives the vendor information to the Purchasing clerk to enter into the Vendor Master List. 6. The Purchasing Director does not sign off on the vendor information before it is entered. 7. After the vendor information is entered, the Purchasing Director does not review it in the system and no reports of new vendors are generated. 8. Once the vendor is in the Vendor Master File, the vendor is able to receive payments for goods/services for the District. 9. If a vendor has not been used for two years, Accounts Payable deletes the vendor from the Vendor Master File. 10. After the vendor is deleted, the Purchasing Department purges the system, but it does not delete the vendor history. 	<ol style="list-style-type: none"> 1. Vendors cannot be paid unless they are in the Vendor Master List. 	<ol style="list-style-type: none"> 1. No background checks are done on new vendors before they are input into the Vendor Master File. 2. Aside from the Head of Purchasing, the Purchasing clerks have access to enter new vendors into the system. 3. Accounts Payable has the ability to enter new employees. 4. The Purchasing Director does not sign off on the vendor information before it is input into the system by the Purchasing clerk. 5. There is no review over new vendors added into the system.

Purchasing		
Procedures	Key Controls	Weaknesses/Issues
<p>Request for Proposal Process</p> <ol style="list-style-type: none"> 1. Any purchase or service greater than \$28,000 requires a formal RFP or bid to be received. The RFP is posted to the public via newspaper. 2. Before a RFP can be posted, the Purchasing Department presents the RFP to the Board for approval. 3. After the Board approves the RFP, it is posted on the District website and sent to vendors who provide the requested supplies or services. 4. All proposals are sent to the Purchasing Department to be reviewed by the Director of Purchasing for the necessary criteria. Purchasing reviews the proposals and narrows down the list of potential vendors to three. 5. Each of the three vendors conducts a presentation to the District. Each District employee at the presentation ranks the vendor based on their proposal and presentation. The vendor rankings are part of New Jersey Statute 18A. 6. The Purchasing Department decides which vendor to contract with based on the rankings. 7. A background check is performed on the vendor before awarding the contract to the vendor. 8. Then, a resolution is created to award the winning vendor the contract 	<ol style="list-style-type: none"> 1. The Board reviews and approves all RFPs they are made available to the public. 2. Purchasing reviews the proposals for completeness and accuracy. 3. The District follows New Jersey Statute 18A regarding vendor ranking. 4. The District performs a background check on the winning vendor. 5. A Board Resolution is required before the contract is awarded. 	

Purchasing		
Procedures	Key Controls	Weaknesses/Issues
<p>Travel and Expense</p> <ol style="list-style-type: none"> 1. If an employee anticipates incurring travel expenses, a travel and expense form must be completed and approved by the Board. 2. A Board Resolution is created to approve the employee for the travel and expenses. 3. If an employee receives Board approval for the travel expenses, the employee must contact a Purchasing clerk to arrange the necessary reservations. The Purchasing clerk receives a copy of the Board resolution 4. The Purchasing clerk contacts the District approved travel agent to make the necessary reservations. The District maintains a contract with one travel agency. 5. The employee completes a purchase requisition. The purchase requisition must be approved first by the Principal or Department Head, then the Assistant Superintendent, and lastly the Business Administrator. 6. When the Purchasing clerk receives the purchase requisition, the clerk verifies the signatures and notes on the purchase requisition that it is Board approved. 7. Once the Purchasing Clerk receives the invoice from the travel agent, a PO is created. All of the employees receipts are sent to A/P. 	<ol style="list-style-type: none"> 1. A Board Resolution is required before an employee can travel and incur any expenses for District business. 2. The District approved travel agent is used to make the travel arraignments. 3. A purchase requisition is approved by the Principal or Department Head, the Assistant Superintendent, and the Business Administrator. 	<ol style="list-style-type: none"> 1. The Purchasing clerk does not receive documentation from the travel agent as to the cost of the approved trip. 2. The amount on the purchase requisition is not an accurate amount or no amount is entered for the travel. 3. PO's are not created until a final bill is sent from the travel agent.

Inventory		
Procedures	Key Controls	Weaknesses
<p>1. Assets are either delivered to the supply warehouse or directly to the requesting school.</p> <p>2. Large items, items that need to be constructed (i.e., copy machines), or textbooks are sent directly to the school. All other items are sent to the warehouse.</p> <p>3. The Warehouse Manager is the only one with the Master key and the alarm code to the warehouse.</p> <p>4. When items are received, a copy of the receiving document is signed-off by the school and sent to the warehouse. The receiving documents are filed for two years and maintained in boxes within the warehouse.</p> <p>Tagging Assets</p> <p>5. If the value of an asset is over \$1,000, the Property Manager goes to the warehouse or school to record the item into the inventory system.</p> <p>6. When assets arrive at the school, the Principal or custodian or requestor is responsible for signing the delivery receipt and informing the Property Manager of the delivery.</p> <p>7. The signed delivery receipt is sent to the warehouse where it is filed with the purchase order and the packing slip by the Warehouse Manager.</p> <p>8. When assets arrive at the warehouse, the Warehouse Manager and the Assistant to the Warehouse Manager have the authority to sign for the delivery.</p> <p>Inputting Fixed Assets into Info-Bid</p> <p>9. The Property Manager puts a sequentially numbered tag on the asset. The Property Manager completes the Fixed Assets Data Sheet (see w/p _____) based on the delivery receipt. The Fixed Assets Data Sheet details the location, department, serial number, tag number, original cost, and vendor information.</p>	<p>1. The Warehouse Manager has the Master key and the alarm code.</p> <p>2. The Principal signs the delivery receipt, when the item is delivered to the school.</p> <p>3. The signed delivery receipt is maintained by the Warehouse Manager with the packing slip.</p> <p>4. Items are entered into Info-Bid by the Property Manager.</p> <p>5. Assets are tagged and the serial number is documented.</p> <p>6. The tags are pre-numbered and sequentially</p>	<p>1. The warehouse files are maintained throughout the warehouse where anyone can access them.</p> <p>2. Asset information is recorded and manually input into the system by the Property Manager. There is no review/approval after the asset is</p>

Inventory		
Procedures	Key Controls	Weaknesses
<p>10. The Property Manager uses the Fixed Assets Data Sheet to manually enter the asset information into Info-Bid. Info-Bid maintains the location, department, room number, condition, description, serial number, model number, tag number, vendor, replacement cost, and cost of the asset. Info-Bid calculates straight-line depreciation for all assets.</p> <p>Receiving Assets</p> <p>11. The packing slip is compared to the PO by the Warehouse Manager to verify it is complete and accurate.</p> <p>12. The Warehouse Manager informs the school that the delivery has arrived at the warehouse.</p> <p>13. The secretary prints out a receipt and delivers the item to the school.</p> <p>14. The items are shipped to the school by the warehouse truck driver. The custodian and the requesting individual are required to sign the receipt.</p> <p>15. The signed receipt is brought back to the warehouse by the warehouse truck driver, where the Warehouse Manager files it with the packing slip.</p> <p>Inputting Inventory into Info-Bid</p> <p>16. The Secretary for the Warehouse Manager enters the item amount into Info-Bid. Info-Bid is the electronic inventory tracking system used by the District. Info-Bid informs the Property Manager as to the new items which need to be tagged.</p> <p>17. Info-Bid is integrated with the schools, and alerts the schools when their delivery has arrived at the warehouse.</p> <p>18. The Property Manager goes to the school or warehouse and documents the serial number and tags the item.</p> <p>19. The tags are pre-numbered sequentially at the time of</p>	<p>numbered.</p> <p>7. The tag number is recorded in Info-Bid.</p> <p>8. The inventory per the PO is matched to the packing slip.</p> <p>9. The custodian and requesting individual sign the delivery receipt and it is filed by the Warehouse Manager.</p> <p>10. Items are entered into Info-Bid by the Secretary.</p>	<p>recorded and entered into the system.</p> <p>3. Items are entered by the Secretary but are not reviewed by the Warehouse Manager after they are entered into Info-Bid.</p> <p>4. Within Info-Bid, items which are currently being used by the schools are classified as new. Items which are older than five years are classified as new.</p> <p>5. The replacement cost of the item is the purchase cost. The replacement cost remains the same for the first four years, and then it is zeroed out.</p>

Inventory		
Procedures	Key Controls	Weaknesses
<p>purchase.</p> <p>20. The Property Manager records the tag number as well as the serial number in Info-Bid. Info-Bid is the electronic system used to track asset inventory.</p> <p>Reconciling Asset to Info-Bid</p> <p>21. Once a year, the Head of Purchasing sends each school a list of assets that should be on hand at the school. The list of assets is sent directly to the Technology Coordinator for each school.</p> <p>22. The Technology Coordinator for each school completes the list documenting where the items are stored.</p> <p>23. The completed list from each school is sent to the Property Manager who matches the lists to the inventory records.</p> <p>Disposing of Assets</p> <p>24. If an asset breaks or the school wants to dispose of, it is the schools responsibility for contacting the Property Manager.</p> <p>25. The Property Manager informs the Technology Coordinator to evaluate the assets. The Technology Coordinator informs the school if the asset must be disposed.</p> <p>26. The school faxes a letter to the Property Manager detailing what assets need to be disposed. The letter identifies the serial number, tag number, and type of asset. The letter is signed by the Technology Coordinator.</p> <p>27. The Property Manager receives the signed letter and provides the list of items to be disposed to the warehouse driver. The warehouse driver goes to the school to pick up the items to be disposed.</p> <p>28. The Property Manager goes into Info-Bid and clicks the remote delete button. The remote delete button deletes the asset from the active asset list in the system. The asset is not deleted in the system until the system is purged. The Head of</p>	<p>11. Each school is responsible for completing the asset list.</p> <p>12. The Property Manager reviews the completed asset list and matches it to the records maintained by the District.</p> <p>13. Assets are evaluated by the Technology Coordinator prior to being disposed.</p> <p>14. A letter detailing the assets to be disposed is required to be approved by the school.</p> <p>15. The Technology Coordinator signs off on the list of disposed assets.</p>	<p>6. The District does not do any physical counts, unless they accompany the external auditors.</p> <p>7. The asset list is based on the Property Managers records. It is a segregation of duties concern as the Property Manager reviews and approves all the District's assets.</p> <p>8. There is no review or approval before and after the Property Manager removes an item from Info-Bid.</p> <p>9. Assets marked as remote delete are not verified to ascertain the asset is no longer being used by the District.</p>

Appendix A (continued)

Inventory		
Procedures	Key Controls	Weaknesses
<p>Purchasing purges the system once a month to delete all the assets removed by the Property Manager.</p> <p>29. The Technology Coordinator signs the list of disposed items after the items are put into the truck by the warehouse driver.</p> <p>30. The warehouse driver gives the signed disposal list to the Property Manager, and the Property Manager forwards the disposal list to Accounting.</p>		

District Response

The content of this report was shared with the District on January 4, 2007. District officials had an opportunity to respond to the report in writing by January 18, 2007. That response is included in this Appendix as it was provided to KPMG. No modifications were made to the report as a result of the District's response.



Camden City Public School District, 201 N. Front Street, Camden, New Jersey 08102 • 856-966-2000

DR. LEONARD D. FITTS
SUPERINTENDENT OF SCHOOLS

January 18, 2007

Ms. Meghan Watson, Project Manager
KPMG LLP
345 Park Avenue, 39th Floor
New York, New York 10154

Dear Ms. Watson:

The Camden City Board of Education and Administration is in receipt of the draft copy of KPMG's report which reviewed the internal controls and expenditure history of the school district. While we would like to have had more time to study the report in depth in preparation of a comprehensive response, that opportunity has not yet been afforded to us do the tight timelines. However, with our new Business Administrator, Mr. Devereaux just coming on board as of January 2nd, we are certain going forward that the report will be helpful to him and the rest of the administrative staff as we study our planned reorganization.

Although we are not prepared at this time to respond to the specifics contained in the 140 plus pages of the report, we hope your audit team was aware that in some current portions of the organization individuals have been assigned multiple job responsibilities due to vacancies we are unable to fill at this time due to budget constraints. Having said that, we do plan on carefully studying the issue of "segregation of duties" to be sure proper checks and balances are in place. We hope we will have an opportunity to discuss the report in detail with you or an appropriate representative in the near future. We are committed to implementing systemic changes to the organization and we feel the report will assist us in that endeavor.

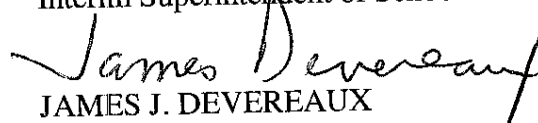
In closing we would like to thank you and the audit team for the time you spent in the district and we are confident that the KPMG report will be a vehicle to assist us in effecting positive change.

Sincerely,



LEONARD D. FITTS, Ed.D.

Interim Superintendent of Schools



JAMES J. DEVEREAUX
School Business Administrator/
Board Secretary

LDF/JJD/dlp
Cc: Katie Attwood, Director
Division of Fiscal Policy