

STATE OF NEW JERSEY
DEPARTMENT OF EDUCATION
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE

PATERSON PUBLIC SCHOOLS
ANALYSIS OF TELEPHONE EXPENSES
2009–2010 FISCAL YEAR
JULY 2011

**PATERSON PUBLIC SCHOOLS
ANALYSIS OF TELEPHONE EXPENSES
2009-2010 FISCAL YEAR**

Distribution List of Final Audit Report

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EXECUTIVE SUMMARY

The Paterson Internal Audit Unit has conducted a review of telephone expenses paid by the Paterson Public Schools for the 2009-2010 fiscal year. The scope of the review included analysis of the payments for telephone and related communication devices including land lines, cellular phones and connection lines utilized to provide services throughout the district. A review was done of all contracts for telephone services. The auditor analyzed selected payments for telephone services and the related supporting documentation, including purchase orders, original vendor invoices, and applicable contracts to determine if the payments were made in accordance with the terms of the contracts.

The review noted several deficiencies including the following:

- The district failed to bid telephone services for district wide local and long distance services, a violation of N.J.S.A. 18:18A-4.
- The district's Policies and Procedures for monitoring and safeguarding against misuse of their land lines or cellular phones are inadequate and lack detail.
- Phone bills are being reviewed prior to payments; however, these reviews are cursory in nature and not a detailed review of individual calls made.
- District cellular phones show a high usage of directory assistance and overuse of the 450 minutes allotted per individual cellular phone; however, the overuse of the 450 minutes has not resulted in any additional costs to the district, but indicates possible signs of productivity issues.
- The district purchased items from Warner Communications that were not covered under the current state contract and the district did not receive the proper discount percentages as required by that contract.
- The district was overcharged \$7,016.00 by Pinnacle Wireless, DBA Warner Communication.
- Verizon charged the district \$16,210.00 for non-recurring charges based on the district failing to incur charges of at least \$180,000.00 annually. This provision could not be found in the contract with Verizon.

BACKGROUND

The district had approximately 170 cellular phones and six thousand land lines including classroom and office extensions in use throughout the district during the review period. Verizon Communications provides cellular phones, land lines and other connectivity's whereas Pinnacle Wireless provides hand held radio communications to the district. Xtel Communications provides the district with land lines and local and long distance calling services. Invoices for payment for fire and burglar alarms, emergency, business services, CABS (carrier access billing system), and wireless (except food services) are received from the vendors by the technology department where they are analyzed and approved for payment. Invoices for Pinnacle Wireless

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are handled by security where they are received, reviewed and forwarded for payment. Invoices for food services are handled by the supervisor of that department. The District's business offices moved from 33 Church Street to 90 Delaware Avenue during the review period. This required major telephone lineage and connectivity changes. The district spent a total of \$536,225.00 for phone and phone related services during the review period.

The auditor requested \$268,699.00 or 50% of telephone expenditures for review. Below is a summary of expenses reviewed by the auditor:

<u>AREAS</u>	<u>AMOUNT SPENT</u>
Verizon Fire, Burglar Alarms and Emergency	\$ 57,478
Verizon Business	80,454
Verizon Wireless Regular	58,269
Verizon CABS	33,927
Pinnacle Wireless	23,832
XTEL Communication	7,239
Verizon Wireless Food Service	4,772
Verizon Wireless Warehouse	<u>2,728</u>
TOTAL	<u>\$268,699</u>

Below is a summary of the review findings:

A. GENERAL

1. The District's Policies and Procedures for telephone use are inadequate.

The district does not have policies and procedures for the use of land lines by their employees. The district's policies (#3322 and #4322) cover cellular phones, however, they do not place any restrictions on use or provide for reimbursement for excessive personal or unrelated business use of district phones by employees. These policies should also cover procedures for handling lost or stolen cellular phones in order to prevent fraudulent use and immediate cancellation of the service.

2. District phone bills are not analyzed by department heads or administrators for excessive use or misuse prior to payment.

All phone accounts are reviewed by the technology department with the exception of food services. The CABS account, for instance, had adjustments made to the bills before being passed along to accounts payable for payment. The department of technology follows up with the vendors, notifying them that adjustments have been made to their invoices. The district's technology department has issued reports, upon request, to department heads to review telephone usage by members of their department; however, this process is inconsistent. The

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lack of a review and approval by department heads or school principals has resulted in long distance and international calls, as well as the excessive use of directory assistance.

B. CELLULAR PHONES

The auditor reviewed wireless telephone services provided by Verizon Wireless. The district contracted these services under State Contract No. A64428, which provided a plan called the American's Choice for Business. While reviewing the data requested, the auditor found that the district has three different wireless plans; the regular district wide plan, as well as food service, and warehouse plans. The regular district wide plan and food service plan were covered under the current state contract. However, the warehouse cellular phones were covered under a separate phone plan. On July 13, 2010 the district transferred the warehouse cellular phone plan over to the current state cellular phone plan.

3. Deficiencies noted in the review of cellular phones.

DISTRICT WIDE CELLULAR PHONES: This plan covers 150 active cellular phones which includes 37 Blackberries. The plan also covers four USB modems and three mobile routers. This contract began January 1, 2006 and had been amended to continue through April 30, 2011. The district spent \$86,624.00 to provide cellular phone coverage over the seven months reviewed and the auditor reviewed \$58,269.00 or 68% of the expenditures for this plan. The district, in an effort to prevent over utilization of the 450 minutes per individual phone, pooled the minutes of all phones. However, there are approximately 30 individuals that exceed the individual allotted number of minutes each month. Over the seven months reviewed there were a total of 212 combined instances where individuals went over their monthly allotted 450 minutes. Exceeding 450 minutes is not in and of itself problematic; however, the district should monitor the employees who routinely exceed 450 minutes to ensure adequate productivity and to avoid misuse. Ten cellular phones were granted access to text messaging services, resulting in charges during the test period totaling \$227.00. Below is a summary of activities for the seven months reviewed:

<u>COST</u>	<u>PLAN_</u> <u>MINUTES.</u>	<u>MINUTES</u> <u>USED</u>	<u>UNUSED</u> <u>MINUTES.</u>	<u>DIRECTORY</u> <u>ASSISTANCE</u> <u>CALLS</u>	<u>NUMBER OF</u> <u>TIMES</u> <u>OVER 450</u> <u>MINUTES</u>
\$58,269	474,750	288,365	186,385	1,027	212

FOOD SERVICE PLAN: This plan covers 10 cellular phones which includes five Blackberries. The individuals on this plan are allowed to perform texting. The district spent \$5,601.00 providing these services and the auditor reviewed \$4,772.00 or 85% of those expenditures for this plan. The auditor reviewed eight months of billing activity for management and warehouse operations. Over the review period there were 26 instances where these individuals went over their 450 monthly allotted minutes. Below is a summary of expenditures and usage:

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<u>COST</u>	<u>PLAN_</u> <u>MINUTES.</u>	<u>MINUTES</u> <u>USED</u>	<u>UNUSED</u> <u>MINUTES.</u>	<u>DIRECTORY</u> <u>ASSISTANCE</u> <u>CALLS</u>	<u>NUMBER OF</u> <u>TIMES</u> <u>OVER 450</u> <u>MINUTES</u>
\$4,772	37,350	28,398	8,952	16	26

WAREHOUSE SERVICES: This plan covers six cellular phones, which includes one BlackBerry, for warehouse management, central stores and mail drivers. The auditor reviewed seven months of billing activity for this plan. The district spent \$4,108 providing these services and the auditors reviewed \$2,728 or 66% of those expenditures. Below is a summary of expenditures and usage:

<u>COST</u>	<u>PLAN_</u> <u>MINUTES.</u>	<u>MINUTES</u> <u>USED</u>	<u>UNUSED</u> <u>MINUTES.</u>	<u>DIRECTORY</u> <u>ASSISTANCE</u> <u>CALLS</u>	<u>NUMBER OF</u> <u>TIMES</u> <u>OVER 450</u> <u>MINUTES</u>
\$2,728	18,900	3,639	15,261	4	0

The following deficiencies were noted regarding cellular phones:

- During the review period, the district spent \$1,309.00 on 1,047 directory assistance calls made at a rate of \$1.25 per call.
- Seven individuals were responsible for \$476.00 of directory assistance calls, making 388 calls or 36% of the total expenditures.
- Over the seven months reviewed, there were a total of 212 instances when individuals exceeded their allocated 450 monthly minutes. These instances totaled 89,586 minutes, or an average of 30 individuals going over by an average of 12,798 minutes per month. Since the district pooled all minutes of the total plan to prevent excessive use charges to individual phones, there was no additional cost to the district. However, all users going over the 450 allotted minutes should be monitored to determine if these substantial overages are work related.
- The top five individuals exceeded their allotted 450 minutes using 23,056 minutes which represented 26% of the total over usage.
- The district left 186,385 unused minutes on the account over the seven months reviewed. This is the equivalent of 414 phones at a rate of 450 allocated minutes per phone per month. Even though the allotted minutes per phone were exceeded 212 times, there still remained a substantial unused balance on the account. It is recommended that a review be done to see if another type of plan may better benefit the district.
- Over the review period the district spent \$498.00 on international calls and roaming charges to locations like Santo Domingo, Bermuda, Toronto and Algeria.
- The review determined district personnel downloaded music at a cost of \$40.00 and games at a cost of \$90.00 to the district.
- One individual acquired travel directions at a cost of \$10.00.

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- The district was charged \$1,483.00 for items purchased that were under warranty, the district was billed by the vendor because they failed to return items for credit.

The district does make an effort to recoup charges identified as inappropriate.

C. LAND LINES

Verizon Business Services, a combination of Verizon and MCI formed a business services unit that provided local in state calling and data services. The district spent \$150,460.00 on district wide local voice and data services for the 2009–2010 fiscal year. The auditor reviewed five months of billing invoices, totaling \$80,490.00 or 53% of expenditures. The district made 458,422 calls identified as outbound instate local and outside of the local area. Eighty seven percent of those calls were local and 13 percent were outside of the local calling area. The total calls consumed 1,045,333 minutes at a cost of \$29,480.00 over the five months reviewed. Individuals within the district made 10,801 directory assistance calls at a cost of \$0.35 per call for a total cost of \$3,780.00. Nine intrastate directory assistance calls were made at a cost of \$1.44 per call for total cost of \$13.00. The district was charged \$16,210.00 in non-recurring charges because they did not meet an average amount per month to reach a yearly Verizon contract requirement of \$180,000.00. A copy of this contract could not be provided by the district or Verizon to validate the \$180,000.00 annual requirement. The remaining \$31,007.00 is the cost of taxes and other connectivity. This service area covered expenditures of outbound local instate calls, as well as toll calls within the state and represented the second largest expense area of telephone charges and excessive use of directory assistance.

4. The Auditors review of State Contract T1776 for phone services in use by the District showed the following deficiencies:

State Contract T1776:4338 provided full service data, internet, and telecommunication services to the State of New Jersey. The district indicated on its purchase orders for fiscal year 2009-2010 that they were using this contract to purchase district wide long distance, and voice and data services. It was determined that this contract was not a cooperative contract and could not be used by the district for district wide long distance and local voice and data services. The district had a contract with MCI and Verizon to provide district wide telephone services from August 15, 2005 through June 30, 2008. MCI was awarded two thirds (2/3) of the contract and Verizon one third (1/3). These companies combined to provide these services. The contract expired on June 30, 2008. There is no evidence of an extension of this contract between the district and Verizon after the contract expired. The district transferred long distance services from Verizon to Xtel Communication on July 1, 2010.

- The district failed to publicly bid the contract for district wide long distance, local voice and data services after the contract expired on June 30, 2008, a violation of N.J.S.A. 18A:18A-4. Verizon could not provide a copy of a current contract.
- The auditor also inquired about a non-recurring charge that the district has been paying monthly that totals \$16,210.00 over the review period. The vendor stated that the district is not meeting its contract commitment of \$180,000.00 per year, and that each month the

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district is assessed a fee from a low of \$1,544.00 to a high of \$4,769.00 per month plus taxes to make up the difference in usage. The auditor requested a copy of the contract that showed the district's commitment for \$180,000.00, however, the vendor could not provide a contract to validate the requirements of a \$180,000.00 monthly commitment. The district should request a refund for all fees paid as a result of the alleged contractual requirement.

The auditor requested that the vendor provide a listing of all lines used to provide service to the district and the cost associated with them. The listing was provided and will be used during the review of invoices for payment.

D. CARRIER ACCESS BILLING SYSTEM (CABS) LINES

5. The district is incurring late payment charges on the Verizon CABS account.

The district received district wide T1, PT to PT circuit lines from Verizon for the 2009–2010 fiscal year. These services were provided under a tariff services agreement. The district purchases services from Verizon CABS on a signed application for tariff services with rates set by the Universal Service Fund administered by the Federal Communication Commission. The district spent \$62,607.00 for fiscal year 2009-2010 and the auditor reviewed \$33,927.00 or 54% of those expenditures. This agreement was exempt from bidding under New Jersey Public Contract Law as it is qualified tariff services.

- The district is incurring late payment charges on the Verizon CABS account due in part to a timing issue with the receipt of their invoices, deductions disputed by the district and the monthly board financial meeting. However, the vendor was also late in the submission of invoices to the district. The district paid \$497.00 in late charges at a rate of .0076440% on the reviewed invoices.
- As a result of the review, the district received a credit of \$16,083.00 for circuits that were cancelled by the district but still carried on the CABS billing invoice by Verizon.

The auditor and the district requested and the vendor agreed to credit late fee charges for the Board of Public Utilities (BPU) invoices but indicated that it could not be done for the Federal Communication Commission (FCC) invoices. The amount of the credit will be determined after a review of all of the invoice billings for the fiscal year is completed.

E. WARNER COMMUNICATIONS & PINNACLE WIRELESS, INC.

6. The district purchased items that were not covered by state contract. In addition, the vendor overcharged for the items covered under the contract.

The auditor reviewed radio communication equipment and accessories as provided by Pinnacle Wireless, DBA Warner Communications under Contract No. 53805. The auditor reviewed 100% of the \$23,832.00 spent on these services for the 2009–2010 fiscal year. This contract gives the district a discount of 38.75% on radio equipment, analog trunked Motorola

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radius, and an 18% discount on spare parts. Upon review of the invoices provided, the auditor noted that there were items purchased that were not on the state contract and that the district was not receiving the proper discounts as per the contract.

- The district purchased 47 radios during the review period which were not covered under the current state contract; however, they were delivered by the vendor to the district at a cost of \$23,832.
- 44 of the 47 were delivered with discounts ranging from zero to a high of 25.85%. Four were not discounted at all.
- The district failed to place the correct discounted prices on the purchase orders forwarded to the vendor and the vendor failed to provide the required discounts and documentation as per the contract.
- Three different parts orders that were made by the district should have included an 18% discount per the contract, however, only one was given a discount of 4.13% and two were not discounted at all.
- By purchasing 47 radios without the proper discounts, the district incurred an additional cost of \$7,016.00 above the contracted prices of the radios. The vendor delivered items that were not on the current contract and the district also failed to follow the provisions of the contract by purchasing items that were not on the contract. The district is required to submit a request to purchase only items that were awarded on the 27 lines of items in the contract and the vendor is required to provide a written quote for these items along with photocopies of the page(s) from the original submitted proposal, showing in detail the prices for all items being considered for purchase. If an item was added to the contract after the initial award of the contract, the contractor must provide the using agency with the Letter of Authorization from the Purchasing Bureau approving the addition of that item. The district and the vendor failed to follow the terms and conditions of the contract in accordance with N.J.S.A. 40A:11-11(5), N.J.S.A. 52:25-16.1.

The auditor had a meeting with the vendor to review purchases made by the district under the current contract. The vendor sent a letter to the district after the meeting acknowledging the discrepancies pointed out to them. The vendor stated that they would honor the terms of the contract by providing services to the district equal to the amount of the overcharges at no additional charge.

F. ALLIANCE FOR COMPETITIVE TELECOMMUNICATIONS (ACT)

7. Services were provided to the district without a valid contract during the 2009-2010 fiscal year.

The auditor reviewed \$7,239.00 or 31% of the \$23,637.00 expended in the 2009-2010 fiscal year on long distance services provided by XTel Communications, under the Alliance for Competitive telecommunications (ACT), through NJASBO. The district began these services effective July 1, 2006 through June 30, 2009, per board resolution number C-19. Services were provided to the district from July 01, 2009 through June 30, 2010 by the current provider, without an extension or renewal of the contract. A new contract was executed

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which started July 1, 2010 through June 30, 2012. Services that were transferred from Verizon to XTel have a two tier cost structure, one for lines and the other for long distance. The primary rate interface (PRI) lines that were transferred from Verizon to XTel had a billing cost of \$.59 per line and taxes of .141% Presubscribed Interexchange Carrier Charge (PICC); a charge that long distance companies pay to local telephone companies to help the recover of the cost of providing outside telephone lines and taxes charged at the above rate for each line. Long distance service costs \$.35 for interstate calls and \$.29 for intrastate calls.

- The invoices provided to the district were in summary format which did not include the necessary information to audit the invoiced costs. These lines were transferred from Verizon and are billed by the numbers assigned to each location. The district's master list of line numbers did not match the number of lines assigned to each location on the vendor bills to effectively audit the charges to each site location.
- The auditor requested that the district schedule a meeting with a representative from the vendor to gain a comprehensive understanding of the billing and the invoice costing. The auditor pointed out to the vendor that without the exact number of lines by location, the district could not validate invoice charges or properly pay their invoices. The vendor is in the process of providing the number of active lines in each location for proper bill reconciliation.
- Since the invoices provided were in summary format the auditor requested that the vendor provide the district with an electronic copy of the original invoices to provide the missing detail data for proper review of these invoices. The vendor agreed to provide the invoices electronically to the district.
- The auditor pointed out to the vendor that the district was being charged late charges which the vendor agreed to waive.

RECOMMENDATIONS

1. The auditor recommends that a policy be developed regarding the use of district telephones by employees. This policy should be clearly stated in writing, spelling out specific details for all persons utilizing district phones. It should indicate what is expected of them and be communicated to all district employees advising them that the phones are provided for business purposes and all personal calls are prohibited, except in an emergency. The policy must also make provisions for reimbursements and the procedures for reimbursement for all personal phone calls made. Employees should report any misuse that shows up on their phone bill. The policy should also state what punitive measures an employee will be subject to if they abuse the district telephone policy. The policy, when implemented, must contain the necessary internal controls to hold employees accountable for misuse of district telephones. Also included in this policy should be procedures for handling lost or stolen phones.
2. All phone bills should be reviewed by department heads or school principals for their respective areas. All unreasonable and non-business calls should be reimbursed by employees. Complete copies of all phone bills should be received by the district in order to

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have them reviewed. Bills that are received electronically can be sorted and formatted for sending to the above mentioned personnel for their review and approval.

3. Due to reorganizations and many district personnel changes all telephone coding, passwords, and special privileges assigned to district personnel should be reviewed and any changes needed should be made for process improvements, such as blocking access to ordering music, games, texting and travel directions on all district cellular phones and land lines as needed. With accurate access codes and passwords, the district will be able to identify calls by site locations and individuals and have the ability to track and charge back non work related services to specific individuals for long distance and international calls.
4. The district should request that all employees utilize the yellow and white page services available on the internet to obtain phone numbers outside of the district's phone directory. District personnel can also make a free request for phone numbers by calling 1-800-Free411 to obtain phone numbers at no cost to the district. These requests would eliminate a substantial amount of directory assistance calls that are made by district personnel.
5. The district should further review all in-state local and state-to-state calls due to the high usage and cost, and should encourage the use of e-mail services as a way to decrease costs.
6. The district should review all telephone services (land lines, business services, fire, burglar alarms and emergency services, cellular phones and all connective lines services) to determine if all of these services can be combined under one provider. This could potentially result in cost savings to the district. This review should include current infrastructure wide area network, TI-Point to Point, Centrex and POTS and all connectivity throughout the district. This review should identify all account numbers, lines and services and be able to account for each line by billing location and functions for each phone line throughout the district. This would help identify any lines and or services that may have been cancelled or terminated by the district that were never removed from the billing.
7. The district should ensure that all telephone services that are currently not under a contract be procured as required by New Jersey Public Contract Law.
8. The district should follow the provisions and guidelines of their policies and procedures, as well as state laws when procuring goods and services for the district.
9. A follow up should be conducted by the district to ensure that all lines that they are paying for are active and are the same lines that they are being charged for. If it is found that there are billing problems, the district should seek reimbursement for all over charges.
10. The district should ensure that all items purchased from Warner/Pinnacle Wireless, Inc. are currently on the state contract and that all provisions of the contract are followed by the vendor. The district should follow all purchases to ensure that they receive full credit for the \$7,016.00 owed to them and that they receive the appropriate discounts as per the contract.

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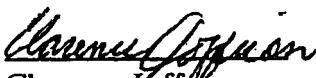
In the future, a Letter of Authorization from the Purchasing Bureau should be provided for all items requested to be added to the contract.

11. The district should make every effort to recoup the \$16,210.00 that they have paid for non-recurring charges to Verizon due to a failure to meet a contract commitment of \$180,000.00 per year. The vendor did not provide a copy of a contract validating that commitment.
12. The district should review and follow-up on all Verizon and XTEL late charges that the vendor has agreed to waive to ensure proper credit. The district should make every effort to schedule payments in a timely manner in order to prevent future late payments.
13. The district should follow up with Verizon to secure credits for late fee charges as agreed upon by the vendor.

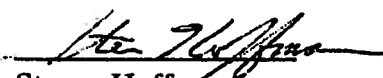
OBSERVATIONS:

- The district has combined all cellular phones under the standard cellular phone plan.
- The district participates in the E-Rate program, which provides discounts to assist schools in obtaining affordable telecommunications and internet access. The district has an excellent record of off-setting telephone expenses by receiving E-Rate reimbursements. The district received \$349,989.00 and \$468,127.00 in refunds from E-Rate filings for fiscal years 2008-2009 and 2009-2010 respectively.

Submitted by:


Clarence Joffron
Internal Auditor

Approved by:


Steven Hoffmann
Coordinating Auditor

NEW JERSEY DEPARTMENT OF EDUCATION
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE
CORRECTIVE ACTION PLAN

SCHOOL DISTRICT NAME: Paterson Public Schools COUNTY: Passaic
 TYPE OF EXAMINATION: Audit Analysis of Telephone Expenses
 DATE OF BOARD MEETING: September 7, 2011
 CONTACT PERSON: Dr. Dominic W. Evans
 TELEPHONE NUMBER: (973) 321-0280 FAX NUMBER: (973) 321-0470

RECOMMENDATION NUMBER	FINDING	CORRECTIVE ACTION	METHOD OF IMPLEMENTATION	INDIVIDUAL RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
#1	<p>The auditor recommends that a policy be developed regarding the use of district telephones by employees. This policy should be clearly stated in writing, spelling out specific details for all persons utilizing district phones. It should indicate what is expected of them and be communicated to all district employees advising them that the phones are provided for business purposes and all personal calls are prohibited, except in an emergency. The policy must also make provisions for reimbursements and the procedures for reimbursement for all personal phone calls made. Employees should report any misuse that shows up on their phone bill. The policy should also state what punitive measures an employee will be subject to if they abuse the district telephone policy. The policy, when implemented, must contain the necessary internal controls to hold employees accountable for misuse of district telephones. Also included in this policy should be procedures for handling lost or stolen.</p>	<p>District will create and adhere to new comprehensive telecommunications policy and standard operating procedures to address appropriate telephone usage including, but not limited to, the following:</p> <ul style="list-style-type: none"> • Establish that district the purpose of telephone usage is for conducting district business • Procedures on how the district will be reimbursed for personal telephone calls • Employees will be held accountable for reporting misuse of telephone services • Included in the policy should be identified punitive measures for violations • Handling of lost or stolen telephones 	<p>Disseminate appropriate notices and announcements to all district employees annually</p>	<p>Business Administrator and Director of Technology</p>	<p>January 2012</p>

Dr. W. Evans
 Chief School Administrator

9/28/11
 Date

Dr. Carl A. Fedullo
 Board Secretary/Business Administrator

9/28/11
 Date

NEW JERSEY DEPARTMENT OF EDUCATION
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE
CORRECTIVE ACTION PLAN

SCHOOL DISTRICT NAME: Paterson Public Schools COUNTY: Passaic
 TYPE OF EXAMINATION: Audit Analysis of Telephone Expenses
 DATE OF BOARD MEETING: September 7, 2011
 CONTACT PERSON: Dr. Dornie W. Evans
 TELEPHONE NUMBER: (973) 321-0980 FAX NUMBER: (973) 321-0470

RECOMMENDATION	FINDING	CORRECTIVE ACTION	METHOD OF IMPLEMENTATION	INDIVIDUAL RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
#2	All phone bills should be reviewed by department heads or school principals for their respective areas. All unreasonable and non-business calls should be reimbursed by employees. Complete copies of all phone bills should be received by the district in order to have them reviewed. Bills that are received electronically can be sorted and reformatted for sending to the above mentioned personnel for their review and approval.	<ul style="list-style-type: none"> Review new comprehensive policy and create standard operating procedures As per policy, the Business Office will disperse charges to each department head for review. Establish a matrix to alleviate all unreasonable and non-business calls. Send copies of extension reports to all departments and schools. 	Distribute monthly bills electronically to all District entities for review.	Business Administrator, Director of Technology, Department Heads and School Principals	July 2012

Don W. Evans 9/28/11 9/28/11
 Chief School Administrator Date Date
Dr. Carol A. Fredeick
 Board Secretary/Business Administrator

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CORRECTIVE ACTION PLAN

SCHOOL DISTRICT NAME: Paterson Public Schools COUNTY: Passaic
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 DATE OF BOARD MEETING: September 7, 2011
 CONTACT PERSON: Dr. Donnie W. Evans
 TELEPHONE NUMBER: (973) 321-0980 FAX NUMBER: (973) 321-0470

RECOMMENDATION	FINDING	CORRECTIVE ACTION	METHOD OF IMPLEMENTATION	INDIVIDUAL RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
#3	Due to reorganizations and many district personnel changes all telephone coding, passwords, and special privileges assigned to district personnel should be reviewed and any changes needed should be made for process improvements, such as blocking access to ordering music, games, texting and travel directions on all district cellular phones and land lines as needed. With accurate access codes and passwords, the district will be able to identify calls by site locations and individuals and have the ability to track and charge back non work related services to specific individuals for long distance and international calls.	<ul style="list-style-type: none"> Review new comprehensive policy and create standard operating procedures Receive regular notification of employee status changes and moves. District cellular phones all have download blocks. Will continue to dispute charges that are billed without authorization. They are thoroughly examined and recouped from Verizon wireless on a monthly basis. If special permission is granted, it will be documented. Request notification of any employee status changes semiannually from department heads to verify location Verify with Verizon Wireless quarterly that all blocks are in effect on all lines. 	Itemized review of monthly bills and service calls to Verizon Wireless.	Human Resources and the Director of Technology	July 2012 Continue practices started in July 2009.

Donnie W. Evans
Chief School Administrator

9/28/11
Date

Dr. Carol A. Frederick
Board Secretary/Business Administrator

9/28/11
Date

NEW JERSEY DEPARTMENT OF EDUCATION
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE
CORRECTIVE ACTION PLAN

SCHOOL DISTRICT NAME: Paterson Public Schools COUNTY: Passaic
 TYPE OF EXAMINATION: Audit Analysis of Telephone Expenses
 DATE OF BOARD MEETING: September 7, 2011
 CONTACT PERSON: Dr. Dominic W. Evans
 TELEPHONE NUMBER: (973) 321-0280 FAX NUMBER: (973) 321-0470

RECOMMENDATION	FINDING	CORRECTIVE ACTION	METHOD OF IMPLEMENTATION	INDIVIDUAL RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
#4	The district should request that all employees utilize the yellow and white page services available on the internet to obtain phone numbers outside of the district's phone directory. District personnel can also make a free request for phone numbers by calling 1-800-Free411 to obtain phone numbers at no cost to the district. These requests would eliminate a substantial amount of directory assistance calls that are made by district personnel	<ul style="list-style-type: none"> Revert to new policy Create standard operating procedures. State clearly the use of 411 calls within policy that will be distributed Provide alternatives such as 1-800-Free-411 and internet options 	Distribute District policy to all cell phone users	Business Administrator, Director of Technology, Department Heads, School Principals, Assistant Superintendents, Directors, and Superintendent	July 2012

Dr. Dominic W. Evans
Chief School Administrator

9/28/11
Date

Dr. Carl G. Federico
Board Secretary/Business Administrator

9/28/11
Date

NEW JERSEY DEPARTMENT OF EDUCATION
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE
CORRECTIVE ACTION PLAN

SCHOOL DISTRICT NAME: Paterson Public Schools COUNTY: Passaic

TYPE OF EXAMINATION Audit Analysis of Telephone Expenses

DATE OF BOARD MEETING: September 7, 2011

CONTACT PERSON: Dr. Dominic W. Evans

TELEPHONE NUMBER: (973) 321-0980 FAX NUMBER: (973) 321-0470

RECOMMENDATION	FINDING	CORRECTIVE ACTION	METHOD OF IMPLEMENTATION	INDIVIDUAL RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
#5	The district should further review all interstate local and state-to-state calls due to the high usage and cost, and should encourage the use of e-mail services as a way to decrease costs.	Include encouragement of use of emails services in District policy	Distribute district policy to all cell phone users.	Business Administrator, Director of Technology, Department Heads, School Principals, Assistant Superintendents, Directors, and Superintendent	July 2012

Dom W. Evans
Chief School Administrator

9/28/11
Date

Dr. Carl A. Frederich
Board Secretary/Business Administrator

9/28/11
Date

NEW JERSEY DEPARTMENT OF EDUCATION
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE
CORRECTIVE ACTION PLAN

SCHOOL DISTRICT NAME: Paterson Public Schools COUNTY: Passaic
 TYPE OF EXAMINATION: Audit Analysis of Telephone Expenses
 DATE OF BOARD MEETING: September 7, 2011
 CONTACT PERSON: Dr. Dominic W. Evans
 TELEPHONE NUMBER: (973) 321-0980 FAX NUMBER: (973) 321-0470

RECOMMENDATION	FINDING	CORRECTIVE ACTION	METHOD OF IMPLEMENTATION	INDIVIDUAL RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
#6	The district should review all telephone services (land lines, business services, fire, burglar alarms and emergency services, cellular phones) and all connective 'lines services) to determine if all of these services can be combined under one provider. This could potentially result in cost savings to the district. This review should include current infrastructure wide area network, T1-point to Point, Centrex and POTS and all connectivity throughout the district. This review should identify all account numbers, lines and services and be able to account for each line by billing location and functions for each phone line throughout the district. This would help identify any lines and or services that may have been cancelled or terminated by the district that were never removed from the billing.	District to prepare a public bid for telecom services	Open Public Bid	Business Office, Purchasing Department, and Director of Technology	July 2012

Dominic W. Evans
Chief School Administrator

9/28/11
Date

Dr. Carol O. Federico
Board Secretary/Business Administrator

9/28/11
Date

NEW JERSEY DEPARTMENT OF EDUCATION
 OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE
 CORRECTIVE ACTION PLAN

SCHOOL DISTRICT NAME: Paterson Public Schools COUNTY: Passaic
 TYPE OF EXAMINATION: Audit Analysis of Telephone Expenses
 DATE OF BOARD MEETING: September 7, 2011
 CONTACT PERSON: Dr. Donnie W. Evans
 TELEPHONE NUMBER: (973) 321-0980 FAX NUMBER: (973) 321-0470

RECOMMENDATION	FINDING	CORRECTIVE ACTION	METHOD OF IMPLEMENTATION	INDIVIDUAL RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
#7	The district should ensure that all telephone services that are currently not under a contract be procured as required by New Jersey Public Contract Law.	District to prepare a public bid for telecom services.	Open Public Bid	Business Administrator, Purchasing Department, and Director of Technology	July 2012

Donnie W. Evans
 Chief School Administrator

9/28/11
 Date

D. Carl A. Federico
 Board Secretary/Business Administrator

9/28/11
 Date

**NEW JERSEY DEPARTMENT OF EDUCATION
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE
CORRECTIVE ACTION PLAN**

SCHOOL DISTRICT NAME: Paterson Public Schools COUNTY: Passaic
 TYPE OF EXAMINATION: Analysis of District Telephone Expenses
 DATE OF BOARD MEETING: September 7, 2011
 CONTACT PERSON: Mr. James Smith, Executive Director of School Security
 TELEPHONE NUMBER: (973) 321-0597 FAX NUMBER: (973) 321-0598

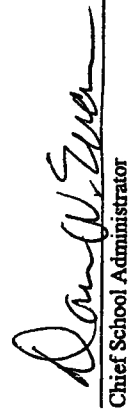
RECOMMENDATION NUMBER	FINDING	CORRECTIVE ACTION	METHOD OF IMPLEMENTATION	INDIVIDUAL RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
#8	The District should follow the provisions and guidelines of their policies and procedures, as well as state laws when procuring goods and services for the district	The District will follow its policies and procedures and the guidelines of N.J.S.A. 40A:11-11(5) and N.J.S.A. 52:25-16.1. by reviewing all purchases in detail for compliances	Purchase orders will be reviewed before approval to ensure all items are listed in the contract for purchase and the prices reflect the discount price per the contract	James Smith	Ongoing

James W. Egan 9/28/11 Date
 School Administrator
Dr. Carol A. Fedele 9/28/11 Date
 Board Secretary/Business Administrator

OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE
CORRECTIVE ACTION PLAN

SCHOOL DISTRICT NAME: Paterson Public Schools COUNTY: Passaic
 TYPE OF EXAMINATION: Audit Analysis of Telephones Expenses
 DATE OF BOARD MEETING: September 7, 2011
 CONTACT PERSON: Dr. Dornie W. Evans
 TELEPHONE NUMBER: (973) 321-0980 FAX NUMBER: (973) 321-0470

RECOMMENDATION	FINDING	CORRECTIVE ACTION	METHOD OF IMPLEMENTATION	INDIVIDUAL RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
#9	A follow up should be conducted by the district to ensure that all lines that they are paying for are active and are the same lines that they are being charged for. If it is found that there are billing problems, the district should seek reimbursement for all over charges.	<ul style="list-style-type: none"> Reconcile monthly billing with in-house data. Obtain an outside vendor to prepare reconciliations free of charge. 	<ul style="list-style-type: none"> Compare monthly billing for account and charges to DOT spreadsheet. Comparisons that are not in sync will be discussed with the vendor. 3. Reimbursements will be addressed when necessary and verified on future billing 	Business Administrator and Director of Technology	Ongoing (monthly)


 Chief School Administrator

NEW JERSEY DEPARTMENT OF EDUCATION
 Dr. Carol A. Federico
 Board Secretary/Business Administrator
 9/28/11
 Date

9/28/11
 Date

**NEW JERSEY DEPARTMENT OF EDUCATION
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE
CORRECTIVE ACTION PLAN**

SCHOOL DISTRICT NAME: Paterson Public Schools COUNTY: Passaic

TYPE OF EXAMINATION: Analysis of District Telephone Expenses

DATE OF BOARD MEETING: September 7, 2011

CONTACT PERSON: Mr. James Smith, Executive Director of School Security

TELEPHONE NUMBER: (973) 321-0595/7 FAX NUMBER: (973) 321-0598

RECOMMENDATION NUMBER	FINDING	CORRECTIVE ACTION	METHOD OF IMPLEMENTATION	INDIVIDUAL RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
#10	The district should ensure that all items purchased from Warner/Pinnacle Wireless, Inc., are currently on the state contract and that all provisions of the contract are followed by the vendor. The district should follow all purchases to ensure that they receive full credit for the \$7,016.00 owed to them and that they receive the appropriate discounts as per the contract.	The district will only purchase items that were awarded on the 27 lines of items listed on the current contract and will follow the guidelines of N.J.S.A. 40A:11-11(50), N.J.S.A. 52:25-16.1	The district will review all items purchased to ensure that the proper discounts listed in the contract are applied to all item purchased by the district.	James Smith	Ongoing

Don W. Sw... Chief School Administrator
9/28/11 Date
Dr. Carl A. Federico Board Secretary/Business Administrator
9/28/11 Date

OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE
CORRECTIVE ACTION PLAN

SCHOOL DISTRICT NAME: Paterson Public Schools COUNTY: Passaic
 TYPE OF EXAMINATION: Audit Analysis of Telephone Expenses
 DATE OF BOARD MEETING: September 7, 2011
 CONTACT PERSON: Dr. Donnie W. Evans
 TELEPHONE NUMBER: (973) 321-0980 FAX NUMBER: (973) 321-0470

RECOMMENDATION	FINDING	CORRECTIVE ACTION	METHOD OF IMPLEMENTATION	INDIVIDUAL RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
#11	The district should make every effort to recoup the \$16,210.00 that they have paid for nonrecurring charges to Verizon due to a failure to meet a contract commitment of \$180,000.00 per year. The vendor did not provide a copy of a contract validating that commitment.	Compare charges listed on past billing and contracts to verify legitimacy of nonrecurring charges.	<ul style="list-style-type: none"> Retrieve all monthly billing. Prepare backup to legitimacy of charges. Contact vendor with reconciliation and documentation of contracts. Request reimbursement for any erroneous expenses Follow up with vendors and billing to assure credits due are applied. Review, compare, and identify credits applied on monthly bills. 	Director of Technology	Ongoing (monthly)

Donnie W. Evans
Chief School Administrator

9/28/11
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Dr. Carol A. Friedrich
Board Secretary/Business Administrator

9/28/11
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NEW JERSEY DEPARTMENT OF EDUCATION
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE
CORRECTIVE ACTION PLAN

SCHOOL DISTRICT NAME: Paterson Public Schools COUNTY: Passaic
 TYPE OF EXAMINATION: Audit Analysis of Telephone Expenses
 DATE OF BOARD MEETING: September 7, 2011
 CONTACT PERSON: Dr. Dominic W. Evans
 TELEPHONE NUMBER: (973) 321-0980 FAX NUMBER: (973) 321-0470

RECOMMENDATION	FINDING	CORRECTIVE ACTION	METHOD OF IMPLEMENTATION	INDIVIDUAL RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
#12	The district should review and follow-up on all Verizon and XTEL late charges that the vendor has agreed to waive to ensure proper credit. The district should make every effort to schedule payments in a timely manner in order to prevent future late payments.	<ul style="list-style-type: none"> Review billing of late payments due back to PPS. Retrieve credits from vendors where applicable. Make a provision in the new RFP that PPS will not pay late fees. 	<ul style="list-style-type: none"> Obtain copies of state laws exempting late fees. BPU fees are waived and FCC are not. Review and prepare spreadsheets for reimbursement Contact vendor for reimbursements Remove late fees from future payments. 	Director of Technology and Accounts Payable	Ongoing (monthly)

Don W. Evans
Chief School Administrator

9/28/11
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Dr. Carol G. Fedich
Board Secretary/Business Administrator

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NEW JERSEY DEPARTMENT OF EDUCATION
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE
CORRECTIVE ACTION PLAN

SCHOOL DISTRICT NAME: Paterson Public Schools COUNTY: Passaic
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 DATE OF BOARD MEETING: September 7, 2011
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RECOMMENDATION	FINDING	CORRECTIVE ACTION	METHOD OF IMPLEMENTATION	INDIVIDUAL RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
#13	The district should follow up with Verizon to secure credits for late fee charges as agreed upon by the vendor.	<ul style="list-style-type: none"> • Review billing of late payments due back to PPS. • Retrieve credits from vendors where applicable. • Make a provision in the new RFP that PPS will not pay late fees. 	<ul style="list-style-type: none"> • Obtain copies of state laws exempting late fees. BPU fees are waived and FCC are not. • Review and prepare spreadsheets for reimbursement • Contact vendor for reimbursements • Remove late fees from future payments. 	Director of Technology and Business Administrator	Ongoing (monthly)

Donnie W. Evans
Chief School Administrator

9/28/11
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Dr. Carl A. Sadiq
Board Secretary/Business Administrator

9/28/11
Date