

## CORRECTIVE ACTION PLAN

Name of School: **Paterson Public School**  
 Type of Audit: Annual Independent CPA Audit 2007-08  
 Date of Board Meeting: December 3, 2008  
 Contact Person: Frances Finkelstein, School Business Administrator  
 Telephone Number: 973-321-0896

County: Passaic

RECOMMENDATION NUMBER	CORRECTIVE ACTION APPROVED BY THE BOARD	METHOD OF IMPLEMENTATION	PERSON RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
<b><i>I. Administrative Practices and Procedures</i></b>				
1. Surety bond coverage for the Treasurer of School Monies be increased to ensure compliance with the minimum requirement set forth in NJAC 6A:23-2.5	Increase surety bond coverage for Treasurer of School Monies and maintain at rate required by NJAC 6A:23-2.5.	Request Risk Management to increase Treasurer's surety bond to the amount required under NJ 6A:23-2.5;	Business Administrator	12-01-08
		Review coverage during the annual budget process for any necessary increase.	Business Administrator	2-13-09
<b><i>II. Financial Planning</i></b>				
1. Documentation to support certain pension refunds be maintained and made available for audit.	Complete documentation be maintained to support all payments including pension refunds.	Implement procedures requiring all payments including pension refunds have supporting documentation, review by the Payroll Supervisor and Accounting manager before refunds are processed. Develop a cover sheet providing detail pertaining to the reason for the refund and file properly to make available for audit.	Payroll Supervisor	12/31/08
2. There appears to be excess cash at year-end in the teacher salary and summer payment plan bank accounts.  <b>*Repeat</b>	Analyze Salary and summer payment accounts regularly. Salary accounts will be reconciled to zero-balance on a monthly basis. Stale dated checks will be processed per legal requirements and removed following board approval semi-annual. Excess funds transferred to the General Fund as appropriate.	Balances will be reviewed and reconciled monthly to determine the validity of any balances and any excess amounts be transferred to the General Fund.	Accounting Supervisor	01/31/09
3. An automated employee time-management system be implemented and maintained, to be used by the district to determine employee attendance, overtime and extra compensation hours.  <b>*Repeat</b>	Automated time management data will be used to substantiate and support employee claims for overtime and extra-time payments.	A procedure will be developed for time sheets requesting overtime and extra-time payments that will substantiate and be supported by the time management printouts authenticating requesting employee hours worked in addition to pre-approval by the supervisor.	Director of Human Resources	1-5-09
		Payments will not be processed without support of pre-approval and documentation supporting additional hours worked including time management printouts prior to payment being issued.	Payroll Supervisor	1/31/09

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<b>II. Financial Planning- Cont'd</b>				
4. Outstanding purchase orders be reviewed at year end to determine their validity, and if deemed valid, be properly classified as an accounts payable or reserved for encumbrance, or otherwise be cancelled.  *Repeat	Review open purchase orders at year end, assess status of order and either cancel or classify as payable if services received or as a reserve for encumbrance if in process, otherwise cancel.	All open purchase order will be reviewed quarterly to determine the validity in order to minimize year-end classification. Unable to determine the validity of the purchase order contact the initiator for clarity. If no response is received, there will be further follow up with another communication to the initiator notifying the initiator, Accounting Manager and the School Business Administrator that the purchase order will be cancelled within the next 10 days if no response is received.	Accounts Payable Supervisor	12/31/08
	Orders pertaining to purchases for the subsequent school year will be cancelled. Provide staff training on purchase order status determination.	Purchase orders that exceed 90 days at year end: generate a report and submit to the initiator; include their Assistant Superintendent, School Business Administrator, Accounting Manager informing them that the PO will be cancelled unless they can provide evidence that it is a liability or encumbrance. Emphasize that all receivers' copy has a shipping slip attached.	Accounts Payable Supervisor	6/30/09
		Ensure that the staff understands that the vehicle utilized in deciding a liability, encumber or cancelling a PO is based on services/product rendered and not based on missing documents.	Accounting Manager	5-30-09
5. Year end balances reported in the Special Revenue Fund general ledger be reconciled with amounts reported on the supporting federal, state and private grant activity schedules.	The year end balances reported on the Special Revenue Fund general ledger will be used in developing the grant activity schedules Reconciliation will occur and adjustments made to the Special Revenue Fund general ledger prior to grants activity schedules being completed. Staff training on reconciliation procedures.	Utilize only the balances on the Special Revenue Fund general ledger to create the grants activity schedules.	Accounting Supervisor	12/31/08
		Perform a year-end reconciliation in which the Special Revenue Fund general ledger and grant activity are in agreement and reviewed by the Accounting Manager before closing fiscal year. Arrange training for accounting staff on reconciliation procedures for this assignment.	Accounting Manager	12/31/08

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<b><i>II. Financial Planning- Cont'd</i></b>				
6. District to develop and implement a formal policy relating to the Scholarship Fund to provide guidelines for determining student eligibility.	Policy and a regulation will be developed to implement a formal policy for all district scholarship funds regarding guidelines for student eligibility.	District administration will prepare a policy regarding scholarship eligibility for Board Policy Committee's review and Board approval for implementation. A regulation will be created for establishing the guidelines for the procedures.	School Business Administrator	4-2-09
7. Greater care be exercised when funding district liabilities to ensure sufficient appropriations are available in the appropriate budget line accounts.	District will review appropriation lines with the expected worker compensation claim and compensated absences liabilities prior to year end and make any necessary transfers prior to closing the fiscal year.	Calculations will be performed to determine the liabilities for the expected worker compensation claim and compensated absences liabilities prior to year end and the appropriation lines will be adjusted as necessary.	Accounting Manager	6-30-09

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<b>III. School Purchasing Programs</b>				
1. State contracts utilized by the district be approved and made part of the official minutes.	Obtain board approval by resolution for all state contracts used identifying the commodity or service, the state contract vendor and the state contract number.	All state contracts used by the district will be pre-approved by board resolution including state contract name, number, and products covered.	Purchasing Supervisor	1-5-09
2. With respect to the district's contract for security services: Overtime hourly rates and rates for all classes of employees be included in the terms of the approved contract;  The contract provide for a not-to-exceed amount related to additional services;  The district monitor payments to the security services company to ensure that the approved contract amount is not exceeded;  Any amounts to be incurred in excess of the original contract award be made in accordance with the requirements of the Public School Contracts Law.	All applicable contract specifications will be revised to reflect specific class and hourly rates for regular and overtime work.  All applicable contracts will include a not-to-exceed amount for regular and additional services.  The district contract "owner" will monitor all invoices and total payments to ensure that the contract amounts are not exceeded.  Contract extensions will be compliant with Public School Contracts Law.	Purchasing will reword all applicable service contract specifications including security services to require specific hourly and overtime rates by employee class.  Purchasing will require a not-to-exceed total for all services contracts for base and additional services.  District service contract "owner" (in this case, Security) will validate all invoices including services, rates charged, and contract inception-to-date totals on a monthly basis to avoid exceeding approved contract amounts.  Purchasing will ensure that contract extensions are processed in accordance with Public School Contracts Law.	Purchasing Supervisor  Purchasing Supervisor  Director of Security  Purchasing Supervisor	1-5-09  1-5-09  12-12-08  12-1-08
3. Hourly rates for time and labor rate contracts for custodial and maintenance services be specifically identified in the contract and contract amounts be in agreement with amounts approved by Board resolution.	All contracts for custodial and maintenance services will have specific hourly time and labor rates.  All Board resolutions approving contracts will be consistent with amounts awarded per contract.	Purchasing will ensure that all custodial and maintenance service contracts and agreements will include specific hourly time and labor rates.  Purchasing will ensure that the amounts to be awarded by contract, approved by Board resolution and purchase orders are in agreement.	Purchasing Supervisor  Purchasing Supervisor	12-1-08  12-1-08

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<b>III. School Purchasing Programs – Cont’d</b>				
4. All purchases from bid vendors under per unit contracts be made in strict accordance with approved bid awards or contracts be amended to reflect the ability to substitute items of an equal or greater value at a cost not to exceed the per unit bid award.  <b>*Repeat</b>	The district will change specification language to include the ability to substitute equivalent products of equal or greater value at no additional cost when necessary.	Purchasing will revise all relevant specifications to include the ability to substitute like items of equal or greater value at no additional cost upon notification and documentation of greater value .	Purchasing Supervisor	6-30-09
	The district will amend existing contracts requiring this language.	Purchasing will work with legal to amend existing contracts through expiration if possible.	Purchasing Supervisor	1-30-09
5. Business registration certificates be obtained for all vendors utilized by the district and be made available for audit.	Purchasing to obtain business registration certificates for all district vendors and maintain via paper or electronic file for audit review.	Purchasing will require submission of business registration certificates as part of vendor initial submission or will obtain business registration certificates from state file.	Purchasing Supervisor	12-1-08
		Purchasing will maintain hard copy or electronic files of business registration certificates.	Purchasing Supervisor	12-1-08
		Vendors will not be used until business registration certificates are obtained.	Purchasing/Accounts Payable Supervisors	12-1-08
<b>IV. School Food Service</b>				
1. Food sales be deposited within 48	Food Services will monitor new	Food Services will examine deposit timeliness	Director of Food Services	1-5-09

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<p>hours from time of collection.</p> <p><b>*Repeat</b></p>	<p>process and procedures to ensure deposit of funds within 48 hour window of receipt.</p> <p>Board policy will be revised to assist in expediting deposit process.</p>	<p>on a monthly basis following 2008-09 implementation of new collection and deposit procedures and will report to the respective Assistant Superintendent and Business Administrator those schools found not be in compliance.</p> <p>Root cause analysis will be conducted on non-performing locations for appropriate administrative consequences.</p> <p>Policy will be revised by administration and sent to the policy committee to expedite bank deposits in more of a timely manner.</p>	<p>Director of Food Services</p> <p>Director of Food Services</p>	<p>1-5-09</p> <p>2-2-09</p>
<p>2. A detailed report or accounting of capital assets and related depreciation for food service operations be maintained and made available for audit.</p>	<p>Food Services will work with Accounting to compile a list of capital assets and depreciation as of June 30, 2008, to be updated annually.</p> <p>Adjustments will be made to food service to record and reflect the proper value of capital assets and depreciation.</p>	<p>Food Services and Accounting will develop a listing of capital assets charged to the Food Services capital account by asset name, date of installation, historical cost, etc. working from most recent information backward.</p> <p>The assets will be verified; records and depreciation adjusted.</p>	<p>Direction of Food Services</p> <p>Accounting Manager</p>	<p>7-30-09</p> <p>7/30/09</p>
<p>3. The District continue to monitor the corrective action plan filed as a result of the State of New Jersey's review of the Food Service Program.</p>	<p>The Business Administrator will review the status of Food Services' corrective action plan with the finance committee on a monthly basis until all actions have been completed.</p>	<p>The School Business Administrator will schedule monthly meetings with Director of Food Services to review status of open items until all closed.</p> <p>Food Services provided in-depth training for Lead Monitors and Data Entry clerks prior to application processing.</p>	<p>School Business Administrator</p> <p>Director of Food Services</p>	<p>6-30-09</p> <p>6-30-09</p>

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<i>IV. School Food Service</i>				
		Reformatting Weekly Sales Reports to record causes for meal count discrepancies; revised Master Eligibility List codes to avert eligibility identification, etc.	Director of Food Services	6-30-09
4. Continued efforts be made to eliminate the deficit in the Food Service Fund.  <b>*Repeat</b>	Food Services operations will report monthly to the finance committee as to the concerted efforts being made to generate income and reduce expenses sufficient to cover the 6-30-08 deficit of \$92,579 and break even in the 2008-09 fiscal year.	Food Services will work with district, community groups and local media to maximize returns of school lunch application forms.  Food Services management will provide a report to the finance committee recommendations for the district to pursue to reduce the cost of operations and will identify opportunities to improve revenue through expanded services, increase pricing and/or menus.	Director of Food Services  Director of Food Services	1-3-09  6-30-09

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<b><i>V. Student Body Activities</i></b>				
1. Etta Marie Scholarship Fund account be maintained by the Business Office and reported in the District's Scholarship Fund.	Revision to board policy on scholarship funds and all such funds handled accordingly.  All scholarship funds are to be maintained per policy and be reported in the District's Scholarship Fund.	District administration will prepare policy and procedures including school-level scholarships for Board Policy Committee's review and Board approval for implementation.	Business Administrator	4-2-09
		Business Administrator will survey district school administrators for the existence of scholarship funds for existence of scholarship funds for subsequent compliance with policy.	Business Administrator	1-5-09
		All scholarship funds will be maintained in the District's Scholarship Fund account through Accounting.	Accounting Manager	1-30-09
2. Only student activity type receipts and disbursements be maintained and accounted for in student activity accounts.  <b>*Repeat</b>	Student activity accounts will be closely monitored by Accounting on a scheduled basis.  Occurrences of non-compliance with policy and procedures will be escalated to district central administration.	Student activity guidelines will be re-issued to all school administrators responsible for student activity accounts.	Business Administrator	12-12-08
		Accountants will review student activity accounts on a scheduled basis and report on findings to Accounting Manager upon completion of review.	Accounting Supervisor	1-5-09
		Accounting Manager will review findings with Business Administrator, issue reports to school administrators responsible for findings copying respective Assistant Superintendents.	Accounting Manager	1-30-09
		Continued non-compliance will result in additional signatories at front end of check-prep process.	Business Administrator	6-30-09
3. All student activity checks be made payable to a vendor or individual and not made payable to cash.	All administrators responsible for student activity funds and the signatories will be reminded to comply with the guidelines and not issue any checks payable to cash.	Student activity guidelines will be re-issued to all school administrators responsible for student activity accounts.	Business Administrator	12-12-08
		Accountants will monitor and report any payments not compliant with guidelines.	Accounting Supervisor	1-5-09

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<b>VI. Application for State School Aid</b>				
<b>No Recommendations.</b>				
<b>VII. Transportation</b>				
<b>No Recommendations.</b>				
<b>VIII. Facilities and Capital Assets</b>				
1. It is recommended that the District maintain a detail accounting of land values, by location, of all District owned properties.	The District will work with the City of Paterson's Tax Assessor's Office to establish a land value for district-owned properties if historical cost information is not available.	Accounting will research accounting, facilities' and School Development Authority records to determine if original land cost information is available.  In the absence of historical cost information, Accounting will provide the City of Paterson's Tax Assessor's Office with a list of district-owned properties identified by name, address, tax and block lot to obtain land values from this source.	Accounting Manager  Accounting Manager	6-30-09  6-30-09
<b>IX. Miscellaneous</b>				
<b>No Recommendations.</b>				
<b>X. Status or Prior Year Findings/Recommendations</b>				
A review was performed on all prior years' recommendations and corrective action was taken on all prior year findings; however, further action is required for those recommendations denoted by an asterisk (*).	All repeat findings addressed in corrective actions as noted above.	All repeat findings are addressed in corrective action implementations as noted above.	Per above.	6-30-09

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