

**AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
OF THE FAIRVIEW BOARD OF EDUCATION
COUNTY OF BERGEN, NEW JERSEY
JUNE 30, 2017**

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REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Fairview Board of Education
Fairview, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Fairview Board of Education, in the County of Bergen, State of New Jersey for the year ended June 30, 2017, and have issued our report thereon dated October 12, 2017.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of the Fairview Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Steven D. Wielkotz

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October 12, 2017

**ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING**

GENERAL COMMENTS

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, the activities of the Board of Education, and the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20 of the District's CAFR.

Officials Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Patrick Caufield (7/1/16 – 12/31/16)	Board Secretary/School Business Administrator	\$300,000
John Bussanich (1/1/17 – 6/30/17)	Board Secretary/School Business Administrator	\$310,000

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/School Business Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the general fund.

Financial Planning, Accounting and Reporting, (continued)

Payroll Account, (continued)

Payrolls were delivered to the secretary of the Board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

Finding 2017-001: The required certification (E-CERT1) of compliance with requirement for income tax on compensation of administrators (superintendent, assistant superintendents, and business administrator) to the NJ Department of Treasury was not filed by the March 15 due date.

Recommendation: The Board of Education should designate someone to prepare and submit the certification as required by N.J.S.A. 18A:14.4 and submit the E-CERT1 if not yet submitted.

Reporting of employee compensation for income tax related purposes did comply with federal and state regulations regarding the compensation which is required to be reported.

Position Control Roster

The Position Control Roster was reviewed and compared to payroll records, employee benefit records and charges made to the general ledger to ensure proper and consistent financial reporting and that employee benefits are only offered to current employees.

Reserve for Encumbrances, Liability for Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2017 for proper classification of orders as reserve for encumbrances and accounts payable.

Travel

Finding 2017-002: Reimbursements of travel expenditures were not approved prior to completion of the travel event.

Recommendation: Travel reimbursements should be paid only upon compliance with all provisions of N.J.A.C. 6A:23A-7 and the Board's procedures and approval requirements.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, a transaction error rate of 0.48% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Financial Planning, Accounting and Reporting, (continued)

Classification of Expenditures, (continued)

Finding 2017-003: During our test of transactions it was noted that the District misclassified and misbudgeted expenditures for the following: Operating Leases, and Related Services.

Recommendation: The District should reference the *Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2017 Edition* and other available reference materials, such as the Budget Guidelines for proper classifications required to be in compliance with N.J.A.C. 6A:23-2.3(f).

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary disclosed the following items:

Finding 2017-004: Purchases from the petty cash account exceeded the maximum single expenditure per Board Policy 6620.

Recommendation: That purchases through petty cash comply with Board Policy 6620.

Finding 2017-005: (Schedule of Findings and Questioned Costs Finding 2017-001): There was an instance in which a budgetary line account was over-committed during the fiscal year.

Recommendation: The Board Secretary should not approve the issuance of a purchase order that would cause an over-committed in the line account to be charged, prior to the board approving the requested transfer of additional appropriations to cover such orders.

Finding 2017-006: Approval of the bill list in the minutes does not specify the total amount of claims approved for payment.

Recommendation: The District ensures that each bill list approved specifies the total amount of claims being approved for payment.

Fixed Assets

The general fixed asset records were updated for the additions and disposals of general fixed assets made during the year.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001

The E.S.E.A./NCLB financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Title I, Title II and Title III of the Elementary and Secondary Education Act, as amended and reauthorized.

The study of compliance for E.S.E.A. indicated that there were no areas of noncompliance and/or questioned costs.

Financial Planning, Accounting and Reporting, (continued)

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule K-3 and Schedule K-4 located in the CAFR.

Our audit of the federal and state funds on a test basis, indicated that obligation and expenditures were incurred during the fiscal year or project year for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

The study of compliance for the Special Projects indicated that there were no areas of noncompliance.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for the District employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Reports for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

Nonpublic State Aid

Project completion reports were finalized and transmitted to the State Department of Education by the due date.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-2 contains definitions for terms used throughout N.J.S.A. 18A:18A-1 et seq. It includes as subsection (p) the term 'competitive contracting', which is defined as "the method described in N.J.S.A. 18A:18A-4.1 through 18A:18A-4.5 and in rules promulgated by DCA at N.J.A.C. 5:34-4 of contracting for specialized goods and services in which formal proposals are solicited from vendors; formal proposals are evaluated by the purchasing agent or counsel or school business administrator; and the board of education awards a contract to a vendor or vendors from among the formal proposals received." Also, subsection (aa) defines the term 'concession' to exclude vending machines.

School Purchasing Programs, (continued)

Contracts and Agreements Requiring Advertisement for Bids, (continued)

N.J.S.A. 18A:18A-3(a) sets forth the bid threshold and requires award by board resolution. There is a higher threshold when there is a "Qualified Purchasing Agent" (QPA) in the district as defined at N.J.A.C. 5:34-1.1 and certified upon approval of an application submitted to DCA. Pursuant to N.J.S.A. 18A:18A-3(b), the bid threshold may be adjusted by the Governor, in consultation with the Department of Treasury, every five years.

N.J.S.A. 18A:18A-4.4 provides boards of education the authority to pass a resolution authorizing the use of competitive contracting. "In order to initiate competitive contracting, the board of education shall pass a resolution authorizing the use of competitive contracting each time specialized goods or services enumerated in sections 45 of L. 1999, c.440 are desired to be contracted."

Effective July 1, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agency) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800.

The board of education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Finding 2017-007: The District made a purchase of Chromebooks in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4.

Recommendation: In the event the district is going to purchase any items which exceed the bid threshold set forth in N.J.S.A. 18A:18A-4, the district should solicit bids through public advertisement.

Finding 2017-008: The District did not receive quotes for items which exceeded 15% of the bid threshold.

Recommendation: That all purchases comply with Public School Contracts Law.

Resolutions were adopted authorizing the awarding of contract or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

Finding 2017-009: There was one instance in which the district did not obtain a political contributions disclosure form for a vendor who provided professional services.

Recommendation: That all vendors providing professional services to the district provide a political contribution disclosure form.

School Food Service

The financial transactions and statistical records of the School Food Service Fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

The school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

We also inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions noted.

Cash receipts and bank records were reviewed for timely deposit.

The number of meals claimed for reimbursement was verified against sales and meal count records. As part of the claims review process the edit check worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

Applications for free and reduced meals were reviewed for completeness and accuracy. The number of free and reduced priced meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced meal policy is uniformly administered throughout the School System. The required verification procedures for free applications was completed and available for review.

Expenditures were separately recorded for food purchases and other costs.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

***Finding 2017-010:** The District's Net Cash Resources exceeded three months average expenditures.

***Recommendation:** That the District take steps to improve the nonprofit school food service program to reduce the Net Cash Resources.

Finding 2017-011: The District is not liquidating interfunds in a timely manner.

Recommendation: That all interfunds be liquidated in a timely manner.

U.S.D.A. commodities were not received; therefore a separate inventory was not maintained.

The school district maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

School Food Service, (continued)

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, section G of the CAFR.

Student Body Activities

During our review of the student activity funds, the following items were noted:

Finding 2017-012: The analysis of remaining balances does not agree to the reconciled bank balance.

Recommendation: That the analysis be reviewed and adjusted to agree to the reconciled bank balance.

Finding 2017-013: There were instances in which purchases were charged to the incorrect account.

Recommendation: That more care be taken to ensure that purchases are charged to the correct account.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2016 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income, and bilingual. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exception. The information included as part of the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollment.

The District maintained workpapers on the prescribed state forms or their equivalents.

The District's written procedures appear to be adequate for the recording of student enrollment data.

Pupil Transportation

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Status of Prior Year Audit Findings/Recommendation

A review was performed on all prior year recommendations and corrective action was taken on all, with the exception of the comments preceded with an “*”).

Acknowledgment

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

Steven D. Wielkocz

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Licensed Public School Accountant
No. CS00816

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SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF FAIRVIEW
BOARD OF EDUCATION**

Application for State School Aid Summary
Enrollment as of October 15, 2016

Year ended June 30, 2017

Enrollment category	2017-2018 App. for State School Aid Reported on A.S.S.A. on roll			Reported on workpapers on roll			Errors			Sample Selected from Workpapers			Sample for Verification Verified per Registers on roll			Errors per Registers On Roll			Private Schools for the Handicapped Reported as Private Schools			Sample for Sample Verification			
	Full	Shared	Subtotal	Full	Shared	Subtotal	Full	Shared	Subtotal	Full	Shared	Subtotal	Full	Shared	Subtotal	Full	Shared	Subtotal	Full	Shared	Subtotal	Full	Shared	Subtotal	
Half Day Preschool 4yrs	65		65	65		65						65			65										
Full Day Preschool 3yrs	5		5	5		5						5			5										
Full Day Preschool 4yrs	2		2	2		2						2			2										
Full Day Kindergarten	156		156	156		156						156			156										
One	153		153	153		153						153			153										
Two	160		160	160		160						160			160										
Three	102		102	102		102						102			102										
Four	126		126	126		126						126			126										
Five	121		121	121		121						121			121										
Six	76		76	76		76						76			76										
Seven	107		107	107		107						107			107										
Eight	112		112	112		112						112			112										
Subtotal	1,185		1,185	1,185		1,185						1,185			1,185										
Special Ed. Elementary	131		131	131		131						75			75										
Special Ed. Middle School	77		77	77		77						44			44										
Special Ed. High School																									
	1,393		1,393	1,393		1,393						1,304			1,304										
Percentage																									

SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF FAIRVIEW
BOARD OF EDUCATION**

Application for State School Aid Summary
Enrollment as of October 15, 2016

Year ended June 30, 2017

Enrollment category	Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on workpapers as Low Income	Errors	Sample selected from workpapers	Verified to Application and Register	Errors	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test score and Register	Sample Errors
Full Day Kindergarten	124	124		32	32		36	36		23	23	
One	118	118		31	31		26	26		17	17	
Two	121	121		31	31		20	20		14	14	
Three	78	78		21	21		10	10		7	7	
Four	99	99		26	26		12	12		10	10	
Five	87	87		22	22		4	4		2	2	
Six	54	54		14	14		7	7		5	5	
Seven	65	65		16	16		7	7		5	5	
Eight	76	76		19	19		15	15		10	10	
Nine												
Special Ed. Elementary	102	102		28	28		9	9		6	6	
Special Ed. Middle School	56	56		14	14		1	1		1	1	
	980	980		254	254		147	147		100	100	
	980	980		254	254		147	147		100	100	

Percentage

Category	Transportation			Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Tested	Verified	Errors	Reported	Re-calc.
	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors								
Regular - Public Schools, col. 1	15	15	-	13	13	-				2.6	2.6
Regular - Special Education, col. 4	52	52	-	40	40	-				2.6	2.6
Special needs, col. 6	36	36	-	31	31	-				8.0	8.0
Totals	103	103	-	84	84	-					

Percentage

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SCHEDULE OF AUDITED ENROLLMENTS

**BOROUGH OF FAIRVIEW
BOARD OF EDUCATION**

**Application for State School Aid Summary
Enrollment as of October 15, 2016**

Year ended June 30, 2017

Enrollment category	Resident LEP Not Low Income			Sample for Verification		
	Reported on A.S.S.A as LEP Not low Income	Reported on Workpapers LEP Not low Income	Errors	Sample Selected from Workpapers	Verified to Test score and Register	Sample Errors
Half Day Preschool 4yrs	7	7		6	6	
Full Day Kindergarten	1	1		1	1	
One	13	13		11	11	
Two	2	2		2	2	
Three	2	2		2	2	
Four	2	2		2	2	
Five	3	2		2	2	
Six	8	3		2	2	
Seven	7	8		7	7	
Eight		7		6	6	
Special Ed. Elementary						
Special Ed. Middle School						
	45	45		39	39	
	45	45		39	39	

Percentage

**FAIR VIEW BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION**

REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2016-17 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>24,795,701</u>	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$ _____	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ _____	(B1b)
Transfer from General Fund to SRF for PreK-Regular	\$ _____	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$ _____	(B1d)
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ <u>1,960,981</u>	(B2a)
Assets Acquired Under Capital Leases	\$ _____	(B2b)
Adjusted 16-17 General Fund Expenditures [(B)+(B1's)-(B2's)]	\$ <u>22,834,720</u>	(B3)
2% of Adjusted 2016-17 General Fund Expenditures [(B3) times .02]	\$ <u>456,694</u>	(B4)
Enter Greater of (B4) or \$250,000	\$ <u>456,694</u>	(B5)
Increased by: Allowable Adjustment *	\$ <u>260,026</u>	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]	\$ <u>716,720</u>	(M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-17 (Per CAFR Budgetary Comparison Schedule C-1))	\$ <u>2,093,660</u>	(C)
Decreased by:		
Year-end Encumbrances	\$ <u>812,646</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____	(C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>286,074</u>	(C3)
Other Restricted Fund Balances****	\$ <u>242,300</u>	(C4)
Assigned Fund Balance - Unreserved -- Designated for Subsequent Year's Expenditures	\$ <u>103,785</u>	(C5)
Additional Assigned Fund Balance - Unreserved- Designated for Subsequent Year's Expenditures July 1, 2017 - August 1, 2017	\$ _____	(C6)*****
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	\$ <u>648,855</u>	(U1)

SECTION 3

Restricted Fund Balance - Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0-	\$ <u>0</u>	(E)
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Recapitulation of Excess Surplus as of June 30, 2016

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>286,074</u>	(C3)
Reserved Excess Surplus ***[(E)]	\$ <u>-</u>	(E)

Total [(C3) + (E)]

\$ 286,074 (D)

* Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:

- (H) Federal Impact Aid. The passage of P.L.2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2016 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve - General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
- (I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10);
- (J1) Extraordinary Aid;
- (J2) Additional Nonpublic School Transportation Aid;
- (J3) Recognized current year School Bus Advertising Revenue; and
- (J4) Family Crisis Transportation Aid

Notes to auditor: Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ _____	(H)
Sale & Lease-back	\$ _____	(I)
Extraordinary Aid	\$ <u>260,026</u>	(J1)
Additional Nonpublic School Transportation Aid	\$ _____	(J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____	(J3)
Family Crisis Transportation Aid	\$ _____	(J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	\$ <u>260,026</u>	(K)

** This amount represents the June 30, 2017 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amounts must agree to the June 30, 2017 CAFR and the sum of the two lines must agree to Audit Summary Worksheet Line 90030.

**** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by an other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance prior to September 30.

***** Increase in Assigned Fund Balance - Unreserved-Designated for Subsequent Year's expenditures July 1, 2017 to August 1, 2017 resulting from decrease in state aid after adoption of 2017-18 district budget.

Detail of Other Reserved Fund Balance

Statutory restrictions:		
Approved unspent separate proposal	\$ _____	
Sale/Lease-back reserve	\$ _____	
Capital Reserve	\$ <u>42,300</u>	
Maintenance Reserve	\$ _____	
Emergency Reserve	\$ _____	
Tuition Reserve	\$ <u>200,000</u>	
School Bus Advertising 50% Fuel Offset Reserve - current year	\$ _____	
School Bus Advertising 50% Fuel Offset Reserve - prior year	\$ _____	
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$ _____	

Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	\$ _____
Other state/government mandated reserve	\$ _____
[Other Restricted Fund Balance not noted above]****	\$ _____
Total Other Restricted Fund Balance	\$ <u>242,300</u> (C4)

**BOROUGH OF FAIRVIEW
BOARD OF EDUCATION**

AUDIT RECOMMENDATIONS SUMMARY

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Finding 2017-001: The required certification (E-CERT1) of compliance with requirement for income tax on compensation of administrators (superintendent, assistant superintendents, and business administrator) to the NJ Department of Treasury was not filed by the March 15 due date.

Recommendation: The Board of Education should designate someone to prepare and submit the certification as required by N.J.S.A. 18A:14.4 and submit the E-CERT1 if not yet submitted.

Finding 2017-002: Reimbursements of travel expenditures were not approved prior to completion of the travel event.

Recommendation: Travel reimbursements should be paid only upon compliance with all provisions of N.J.A.C. 6A:23A-7 and the Board's procedures and approval requirements.

Finding 2017-003: During our test of transactions it was noted that the District misclassified and misbudgeted expenditures for the following: Operating Leases, and Related Services.

Recommendation: The District should reference the *Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2017 Edition* and other available reference materials, such as the Budget Guidelines for proper classifications required to be in compliance with N.J.A.C. 6A:23-2.3(f).

Finding 2017-004: Purchases from the petty cash account exceeded the maximum single expenditure per Board Policy 6620.

Recommendation: That purchases through petty cash comply with Board Policy 6620.

Finding 2017-005: (Schedule of Findings and Questioned Costs Finding 2017-001): There was an instance in which a budgetary line account was over-committed during the fiscal year.

Recommendation: The Board Secretary should not approve the issuance of a purchase order that would cause an over-committed in the line account to be charged, prior to the board approving the requested transfer of additional appropriations to cover such orders.

**BOROUGH OF FAIRVIEW
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**AUDIT RECOMMENDATIONS SUMMARY
(CONTINUED)**

2. Financial Planning, Accounting and Reporting, (continued)

Finding 2017-006: Approval of the bill list in the minutes does not specify the total amount of claims approved for payment.

Recommendation: The District ensures that each bill list approved specifies the total amount of claims being approved for payment.

3. School Purchasing Programs

Finding 2017-007: The district made a purchase of Chromebooks in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4.

Recommendation: In the event the district is going to purchase any items which exceed the bid threshold set forth in N.J.S.A. 18A:18A-4, the district should solicit bids through public advertisement.

Finding 2017-008: The District did not receive quotes for items which exceeded 15% of the bid threshold.

Recommendation: That all purchases comply with Public School Contracts Law.

Finding 2017-009: There was one instance in which the district did not obtain a political contributions disclosure form for a vendor who provided professional services.

Recommendation: That all vendors providing professional services to the district provide a political contribution disclosure form.

4. School Food Service

***Finding 2017-010:** The District's Net Cash Resources exceeded three months average expenditures.

***Recommendation:** That the District take steps to improve the nonprofit school food service program to reduce the Net Cash Resources.

Finding 2017-011: The District is not liquidating interfunds in a timely manner.

Recommendation: That all interfunds be liquidated in a timely manner.

**BOROUGH OF FAIRVIEW
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**AUDIT RECOMMENDATIONS SUMMARY
(CONTINUED)**

5. Student Activity Fund

Finding 2017-012: The analysis of remaining balances does not agree to the reconciled bank balance.

Recommendation: That the analysis be reviewed and adjusted to agree to the reconciled bank balance.

Finding 2017-013: There were instances in which purchases were charged to the incorrect account.

Recommendation: That more care be taken to ensure that purchases are charged to the correct account.

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings.