

Payroll Account (continued)

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

[Where the district /charter school employs a treasurer of school moneys] Payrolls were delivered to the treasurer of school moneys with a warrant made to his order for the full amount of each payroll.

[Where the district/charter school does not employ a treasurer of school moneys] Payrolls were delivered to the secretary of the board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

Finding:

The required certification (E-CERT1) [not applicable to charter schools] of compliance with requirements 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 [or was not filed].

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:

Reporting of employee compensation for income tax related purposes did not comply with federal (or state) regulations regarding the compensation which is required to be reported. [State what noncompliance issue was, e.g., lease value of vehicle not included in W-2, compensation at separation was deferred over five years by employee choice and should be included in W-2, fringe benefits were erroneously included in base salary for pension calculation purposes].

Recommendation:

The district/charter school should establish internal controls to ensure that compensation is properly recorded and reported, including taxable fringe benefits and other additional forms of compensation as applicable. District/charter school should also send corrected reporting to the applicable tax authority.

Finding:

The certifying officer did not maintain documentation of his/her analysis of the district's decision to classify a professional service provider (defined at N.J.S.A. 18A:18A-2(h)) as an employee of the school district in violation of Local Finance Notice 2007-28.

Recommendation:

The district should establish internal controls to ensure that employee versus contractor decisions for professional service providers are documented within the employee's personnel file.

Reserve for Encumbrances and Accounts Payable

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

Finding:

District/charter school personnel did not perform an analysis of outstanding purchase orders at June 30 and prepare the separate listings of purchase orders comprising the balance sheet account balances for