



NJDOE News

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DOE Releases Reviews of State-Operated Districts and Camden

The results of the performance audits conducted in the Jersey City, Paterson, Newark and Camden School Districts are now available on the New Jersey Department of Education web site, Commissioner Lucille E. Davy announced today.

The audits, which were ordered by the New Jersey Supreme Court last May, included assessments of the quality of the internal controls in key areas in each district, along with analyses of historical expenditures and a review of selected purchase orders. They were prepared by auditors from KPMG LLP in New York.

Under the court order, the audits in the three state-operated districts and Camden were to be completed first. Similar performance audits in the other 27 Abbott districts will be conducted this spring.

"These performance audits are a starting point in the development of a new DOE oversight policy to address the way school districts spend state tax dollars," said Commissioner Davy. "Governor Corzine is committed to stronger oversight for all levels of government, including improved state oversight to ensure the efficient and effective use of state funds for education."

She said the KPMG historical spending and selected purchase order reviews indicated that there was little monitoring of spending practices within the four districts and limited oversight and approval processes. Districts also continued to spend considerable amounts of money on travel and food for staff and school board members and make other purchases that the Commissioner said would require additional review and explanation. In addition, greater restrictions on travel and other non-education-related expenses may be necessary.

Another key focus of the audits was a comprehensive review of the various processes and internal controls that the districts have established to conduct their business. Commissioner Davy said that while there were areas of concern in all four districts, Paterson, with 101 internal control observations, and Camden, with 63 internal control observations, "present the most difficult challenges."

"The Governor is demanding that we do more," Commissioner Davy said. "We must ensure that the state resources are being spent to meet students' educational needs and not to serve other purposes. There are too many errors and too many holes in most of these district operations resulting in too many opportunities for questionable activity."

The Commissioner said she would be asking each district to develop a Corrective Action Plan to address the deficiencies outlined in the audits. She has also directed the districts to gather any documentation that was not available during the audit, as well as additional information necessary to address the questionable costs highlighted and the outliers identified in the historical expenditure analyses.

"The department will work with each district to review the CAPs and follow up on the questionable costs and the additional outliers identified but not assessed as part of the KPMG audit," Commissioner Davy said.

She noted that under the "School District Fiscal Accountability Act," signed into law by Governor Corzine last year, a State Monitor has already been appointed for Camden, and that other monitors may be appointed if the fiscal situations in the districts meet the criteria established under the new law.

Finally, the Commissioner also announced that she would be creating a new office within the department that would combine the resources of the existing Office of Compliance Investigation and members of DOE's fiscal staff to examine these and future audits in more detail. The office would also have the authority to conduct its own reviews of district expenditures and operations. Further details on this office will be announced later this week.

Click here to view the audits:

- [Camden](#)
- [Jersey City](#)
- [Paterson](#)
- [Newark](#)